THAILAND'S ECONOMIC DIPLOMACY IN G.C.C. COUNTRIES

ABSTRACT
THESIS

SUBMITTED FOR THE AWARD OF THE DEGREE OF

Doctor of Philosophy

IN

WEST ASIAN STUDIES

BY

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ALIGARH (INDIA)

2009

ABSTRACT

Economic diplomacy represents a substantial part in the present context of international affairs. Diplomatic practice among the state is as old as the history of human civilization. Modern world has formulated many principles and policies that are to regulate the diplomatic practices among the state. It plays a very significant role in the success and strength of a state. Diplomacy is the art and practice of conducting negotiations between representatives of groups or states. It usually refers to international diplomacy, the conduct of international relations through the intercession of professional diplomats with regard to issues of peace-making, trade, war, economics and culture. International treaties are usually negotiated by diplomats prior to endorsement by national politicians. All states conduct some of the foreign policy ambitions and objectives for their stability, security, and prosperity. The foreign policy of country at any given period is the end product of its response to the prevailing socio-economic and political challenges whether in domestic or external environment. Economic diplomacy provided the engine that drove the economic and security train of the free world. Furthermore, economic diplomacy is identified as an important factor to eradicate the protectionism which is the main problem of international trade. Restriction

on free trade would gradually be reduced though effective economic diplomacy conducted by right and qualified administration. Economic obligations compel nations to integrate in spite of any constraints. Its magnitude of economic strength and its ability to force a nation to compromise has been and shall continue to be used as an instrument in seeking allies and fostering the political strength and economic stability in friendly countries. Economic diplomacy could be defined as the exercise, manipulation and utilisation of economic power and resources as a diplomatic instrument to achieve the targets set in the overall strategy of the foreign policy of a country. Generally, Thailand has been content for a unique position in Southeast Asia as being the only country to have successfully combated with colonialism. The most important factor to this achievement is registered on its diplomatic culture, which is taken root in the nation's history of friendly relationship with other countries for nearly a thousand year. Its independence was referred both to the substantially skillful diplomacy of some of its leaders in adjusting to changing international circumstances and to the so-called powerful western countries policies which largely favored to maintain the kingdom as a buffer state between their colonial rivals. Thais have got the opportunities to formulate their foreign policy to defend the national interest. The diplomacy of Thailand has always represented in a dynamic way. Its priorities have had to be adjusted and readjusted from time to time in response to the changing international situation. Thailand's diplomacy whether economic and political and foreign policy are determined by various effects imposed by both internal and external factors. Nevertheless, it would be more appreciated to state that it has been determined more by external than internal factors. Thailand still maintains its unique style of flexibility. This could perhaps be so because of the dominant rule which is reflected in the statement quoted thus, "in politics there are no permanent friends or enemies", and prevailing conditions are the proper course of action to be taken. Unsurprisingly, Thailand seems to be less obsessed with the question of morality in international politics, and more concerned with the art of survival. Thailand's foreign policy is firmly predicated on national interest, and therefore subject to flexibility. Thailand can not escape from the fact that it is but a small nation living in a region where great powers have previously exerted considerable influence. With its limited resources at hand, the country must interact with the outside powers, while trying to order its relations with neighboring states, especially those with different ideologies and past and existing differences. The ultimate goal is of course to minimize the external influence and to strengthen bilateral relations with fellow Southeast Asian states so as to increase the bargaining position of the region. In addition, Thailand has to tackle the various constraints in its foreign policy which are derived partly from the democratic experiment now being conducted. This is a difficult time for Thai diplomacy, and passing the test will demonstrate Thailand's national resilience. Undeniably, Thailand nowadays is hectic on managing and adjusting to meet interest in regional cooperation with their neighboring countries within the framework of ASEAN and of course, another massive and rich region like G.C.C. countries which established Look East Policy would effectively correlate with the Look West Policy of Thailand. Energy is at the essence of the Thailand-G.C.C. economic relationship, but it is not the sum of it. Non- energy bilateral trade between Thailand and the G.C.C. countries has continuously been on the massive growth. In fact, sky-rocketing increase of oil price in global market have further enhanced growth in the G.C.C. economies, it is potentially established into a massively growing demand for imports, creating an increasingly attractive market for Thailand businesses.

During 80s, the massive oil price increase triggered a dramatic impact on the Gulf Countries. Oil revenues created the massive purchasing power. They managed to inject a large sum of money to improve many massive infrastructural programmes which inevitably required a massive amount of labour to carry on these kinds of development. Unfortunately, the booming labour market could not be met by the local supplies both due to small population as well as a low level of skill availability. Therefore, these rich countries had been to import labour both skilled and unskilled from abroad. It can be said that one of the most important dimensions of

Thailand's economic diplomacy in the Gulf has been the massive export of its labour. While Thailand has been supplying the labour force to meet the shortage in the Gulf market, it has been generating valuable foreign exchange in the form of remittances. While their migration has not largely affected the internal labour market in a substantial way, their portion in the form of remittances too have not been having the large impact on the local economy.

Gulf Corperation Council (G.C.C.) is a crucial part of Middle East which has been identified as a cradle of ancient civilization, the home of important world religions, the heartland of Islam and the location of two-thirds of the world oil reserves. Therefore, to maintain the cordial relation with this region both political and economic has long been the top priority of Thailand's foreign policy agenda.- Thailand's policy towards G.C.C. countries has partially been influenced by the Thai foreign policy toward Middle East which is built on our already strong bilateral relations and multilateral engagements with the region. The policy is part of our "Look West Policy", which aims to strengthen cordial relations and economic cooperation with target states to the West of Thailand, which of course include countries in the Middle East. Thailand has been working to improve an all-round relations and cooperation with countries in the region in political, economic, social and cultural spheres. The policy comprises Government-to-Government, Business -to-Business and People–to-People contacts and exchanges. It is therefore encouraging to witness the current growing interest in East Asia of the Middle East states as shown by the go-east trends and the "Look East Policy" being carried out now in the region.

The maximum benefit from the potential of economic cooperation between Thailand and oil rich G.C.C. countries has heralded an enormous improvement of trade that observed to be continuously increasing year by year with the balance sheet of overall trade favourable to G.C.C. sides due to Thailand's considerably much dependence of mineral fuel and oil from G.C.C. countries. Due to its massive industrial, agricultural and exports base, Thailand maintains its position to consistently supply more goods and services to G.C.C. requirments. Nevertheless, as compared to US or Chinese market, the overall share of Thailand's export to G.C.C. market has still been negligible and marginal. Besides, investment from G.C.C. countries in Thailand has been relatively small. From the statistical data on changing export commodity composition, it is observed that the major items which sustained its potential growth in this market are vehicle, electronic devices and so on. These products are still required by G.C.C. countries. If Thailand wants to maintain its growth at this level or higher, one has to be vigilant for massive supplier like, China and India which always pose a major threat to Thailand export performance in this market. Therefore, it is a strong commitment for Thailand's Department of Export Promotion to adapt the changing circumstances and increasingly challenging environment by conducting huge and constructive campaign with given wide coverage to keep Thai's products even more competitive in price and capabilities. Besides, strict quality control policy should be implemented to excel the export performance; otherwise, it will create negative impacts for the future. Recently, with a rapid appreciation of the value of Thai baht due to the so-called hot money influx to Thailand with deliberate speculations, it is Thai's government obligation to appropriately intervene in the value of Thai baht in order to maintain and maximize level of export; otherwise, Thailand possibly will lose its current value of exports, especially to G.C.C. countries, sooner or later. Because, a lot of suppliers whether developed and developing countries look forward to exploit in this market.

The US has represented Thailand's largest export market and second-largest supplier after Japan, while Thailand's traditional markets have been North America, Japan and Europe. Economic recovery among Thailand's regional trading partners has enhanced Thai export growth. Increasing exports of Thailand to the rest of Asia and the US is a major stuff to gradually recover from financial crisis. So far, Thailand and G.C.C. trade represented remarkable improvement, despite tough competition imposed by neighbouring South East Asian countries, Japan, US and European countries. These countries have been struggling to secure and increase their export market in these wide-opening massive markets. Thailand supplies in this huge market with small value as compared to large volume of imported products from G.C.C. countries, especially oil which registered a continuous increasing trend. The largest export items of Thailand are clearly agricultural product, especially rice; however, the largest export items of Thailand to G.C.C. are industrial and electronic products like vehicle, electronic devices. This is directly attributed to the increasingly tough competition on rice export of Thailand imposed by Vietnam and of course Basmati rice of India which registers a largest share in this rich and massive consumer market. Recently, Thai launched a massive campaign on high quality of Thai rice named Jusmin rice. Jusmin rice slowly becomes known in G.C.C. countries. Therefore, Thailand's obligation is to try to productively revise its strategy to get more shares in this rich and huge market. Incidentally, the private sector role is compulsory to explore and facilitate the existing opportunity in expanding trade, commercial and investment sectors. The Thai-G.C.C. trade volume of $24 billion is only identified as an initial stage for the private sector players and there are obligations for the private sectors to work potentially to take more advantage and benefit in the existing opportunities between Thailand and the G.C.C.. High level private sector interaction would further herald the existing circumstance and would provide a mutual support to the commitment of Thai- G.C.C. to grow commercial and investment cooperation. In order to improve the country's trade diplomacy, Thai-G.C.C. business conference which is organized jointly by Thai business promotion union and the Bahrain Chamber of Commerce and Industry (BCCI) came to take place to embark upon a comprehensive and visionary programme of initiatives paving the way for enhancing the bilateral business relation between Thailand and Bahrain and major gateway to other G.C.C. members as well. Moreover, Thai Business Centre (TBC), a permanent export centre in Bahrain set up by the private sectors of both countries to conduct a massive campaign for Thai products and services should be revitalized for all the G.C.C. market.

Thailand has seen Bahrain as gateway to G.C.C. region. Thailand is currently focusing on free trade agreement (FTA) with G.C.C. countries. Both sides were close to sign the FTA when the G.C.C. side had come up with a proposal to extend this agreement to Thai-G.C.C. trade treaty. The new approach is identified as an important forward step to enhance the existing base of trade. Undeniably, investment and commercial activities among the party is concerned is expected to trigger a massive impetus on economic development of the two sides. The top priority of Thai government is to narrow down trade deficit by improving export performance to this region. Simultaneously, Thailand must use more efficiently the imported energy, especially oil which plays a crucial part for balance sheet favour to G.C.C. side. On the other side, this high trade deficit has long been compensated by Thailand's labour working in G.C.C. countries. Due to the sky-rocketing increase in oil prices, massive and surplus capital inflowed to G.C.C. countries. Then, they realized that it will be highly risk to rely on only depleting natural resource, oil. Consequently, massive ambitious infrastructural progaramme had been initiated to allow diversification to take place. Less indigenous labour forces existing in G.C.C. inevitably brought the requirement on expatriate labour force to carry on oncoming ambitious and massive development programme. This was a huge opportunity for relatively massive amount of labour force like Thailand to start exporting labour to this region on full scale. More than 70 percent of overall Thai's expatriate labour has been working in G.C.C. countries since oil boom in the mid 70s. The number registered highest level in 1982 with 95 percent of Thai's labour forces working in Saudi Arabia which generated relatively large amount of remittances. We have observed that after mid 1980s when oil prices in the global market declined, Thai's labour export to G.C.C. also fell. However, the completion of various projects which started in the beginning of oil boom and visa expiry could also be attributed to these falling trends. After oil price showed a sign of recovery, the overall volume of Thai's labour force migration kept growing again. However, massive decline of Thai's labour force working in G.C.C. was registered during Gulf war period. Apart from Gulf war, other unfortunate incidents took place, namely gem scandal between Thai and Saudi Arabia, Saudi Arabia's officers killed in Thailand and Saudi Arabia's businessmen disappearing in Thailand. These unfortunate incidents resulted in negative impact on overall relations between the two sides which were still unsolved. Massive decline of Thai's labour in Saudi Arabia was immediately represented after incidents. The relationship of the two sides became strained and frozen. Nevertheless, bilateral trade between the two seemed to be slightly affected. After this period, the volume of Thai's labour in other G.C.C. member countries was also declining. Meanwhile, annual labour outflows from Thailand had been fluctuating massively. Ironically, most of Thai's labour shifted their destination to East and neighbouring Asian countries not far from home and easier to get working visa. Recently, G.C.C. hosts only 10 percent of Thai's expatriate labour force.

Thailand has engaged with countries in the Middle East through both formal institutions such as ASEAN-G.C.C., the OIC and the NAM (Non-Aligned Movement) as well as dialogue processes such as the Asia Cooperation Dialogue or (ACD) and the AMED (Asia-Middle East Dialogue), which involves many Arab and G.C.C. countries. Thailand's establishment of diplomatic relations with the Middle East dates back to the 1950s. Her political relations with countries in the region included Gulf Cooperation Council (G.C.C.), the Levant (Syria, Lebanon, and Jordan), Egypt, the Maghreb (Algeria, Morocco, Tunisia, and Libya) and Persia (Iran) has always been cordial and productive.

Thailand's economic relationship with G.C.C. countries has been intensified in areas of trade, investment and tourism. Its policy direction is substantially represented on developing economic partnerships and expands business opportunities with each country. Besides, Thailand is keen to take part in contributing to the ongoing development process and economic reform efforts in the G.C.C. region. At the same time, Thailand is required to have countries in the Middle East (G.C.C.) to be partners in Thailand's drive for economic progress. Six largest markets in the Middle East for Thailand currently are the UAE, Bahrain, Oman, Kuwait, Jordan and Iran, respectively. Currently, Thailand plans to set the market expansion by using UAE (Dubai), Egypt, Bahrain and Iran to be regional hub and gateways to the region. As a result, Thai Business Center (TBC) in Manama is established to promote trade and serve importers in Bahrain, G.C.C. countries and beyond.

Thailand investment cooperation with the Middle East is still limited in number and scope. With the rising capital surplus and high liquidity in many countries in the region, Thailand requires increasing and largely expanding investment activities. Thailand is required to raise awareness and convince G.C.C. member countries to take advantage of strong manufacturing base and unique economic strength by shifting investment in areas of mutual interest such as energy, petrochemical, banking, financial services, and property development to Thailand. Moreover, investors from G.C.C. are able to take advantage of Thailand's strategic position as a gateway for trade and investment into SEA, ASEAN and East Asia. Thailand is also encouraging G.C.C. investors to undertake joint investment with the Thai counterparts in areas of Thailand's expertise such as tourism, hotel management and food and Halal industry. Energy Cooperation, G.C.C. countries is the largest source of our energy supply. In 2007, Thailand imported about 80 % of our total crude oil import from this economic grouping (G.C.C. countries) (with 32.02 % from the UAE, 14.15 % from Oman, 19.23 % from Saudi Arabia, 3.72 % from Qatar, 5.41 % from Yemen). In order to secure energy supplies from the region strategic partnership with producing countries by joint investment in exploration and production as well as in the downstream activities is required to be pursued in a positive way. Therefore, Thailand has pursued a pro-active policy on energy cooperation with countries like Oman, the UAE, Bahrain and Iran in response to rising of world's oil price and domestic energy security. For example, the gas sale agreement to Oman Oil company from PTT Exploration and Production Public Company Limited (PTT-EP) or the Petroleum Authority of Thailand's exploration at Block 44 in Oman and the signing of Technical Evaluation between PTT-EP and the Bahrain

Petroleum Company (BAPCO) of Bahrain. Of course, various technical agreements, especially in energy sector are proposed to be signed very soon. Thailand is determined to improve relation with G.C.C. countries partly in order to secure more energy supply and importantly to attract foreign investment from the G.C.C. countries whose volume is considerably low currently. However, Thailand requires studying and assessing more in the area of culture, tradition and other important spheres which is considered unique if Thailand wants to be major partner with this region.

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Certificate

I certify that the work presented in this thesis entitled "**Thailand's Economic Diplomacy in G.C.C. Countries**" has been carried out by Mr. Worawut Wankhwan under my supervision. It is original in nature and has not been submitted for any other degree.

Dr.Mohammad Azhar

(Reader)

Dedicate to my parents,

my wife and son.

CONTENTS

ACKNOWLEDGEMENT

This acknowledgement must be made to express my deep sense of gratitude to the massive and immeasurable contributions made to the study by a number of persons whether in the form of comprehensive advices, active guidances and constant encouragement.

Initially, I would like to proudly represent my deep sense of gratitude and sincere thanks to my supervisor, **Dr. Mohd. Azhar**, Reader, Centre of West Asian Studies, A.M.U., Aligarh, who always provided me a lot of valuable inspiration and motivation and took personal interest in my work throughout the study period. His precious guidelines, encouragement and moral support played a constructive and decisive role for making this thesis finally accomplished. Obviously, I have found myself become over-burden with debt to him.

I am highly privileged to express my deep sense of gratitude to my parents, **Haji Ahmad Wankhwan** and **Haja Maiyuree Wankhwan**, my brothers and sisters **Mr. Sulaiman Wankhwan** , **Mrs.Malee Wankhwan** and **Ms. Mayura Wankhwan**, my parents in law, **Haji Sangiam Naknawa** and **Haja Fatimoh Naknawa**.

My Ph.D thesis would not have been possible without the sincere, moral, timely support as well as intellectual assistance from **Prof. Mohd. Gulrez**, Chairman of the Centre of West Asian Studies, **Prof. Syed**

Shamir Hasan, Prof. Nazim Ali, Dr. Fazal Mahmood, Dr. Jawaid Iqbal, Dr. Mohd. Iqbal, Dr. Arif Rizvi and **Dr. Ghulam Mursaleen**

I am also much appreciated for declaration of the immeasurable and magnanimous support provided by my senior scholars, **Asst.Prof. Mohammad Abdul Qadeer**, Department of Computer Engineering, **Prof. Imran Ma'luleem** former senator of Thai parliament, **Dr. Jaran Ma'luleem** senior Faculty at the Department of International relations Thammasathr University, Bangkok, Thailand, **Dr. Isra Sarntisat**, Department of Economics(Chulalongkorn University),**Dr.Anirut Smutkojorn, Mr.Udom Rojviti** for their motivation and encouragement to me.

Thanks are due to library staff of the Centre of West Asian Studies for their timely and active contribution, assistance and cooperation in providing me compulsory research materials. Thanks are also due to staff of the Mualana Azad Library and J.N.U. Library and Chulalongkorn University(Thailand) who actively helped me to be accessible to a number of important research materials. I am also very pleased to express my thanks and appreciations to library staff at Thailand's ministry of Labour, Thailand's ministry of Commerce, Thailand's ministry of Foreign Affairs, Thai Statistic Department, Thai Custom Department, Thai Department of Export Promotion. Without their sincere and active assistances my Ph.D thesis could not have been completed.

Thanks are also due to my senior researchers in the Centre namely, **Dr. Abdulroning Suetair**, **Dr.Weerasak Pumpetch**, **Dr. Husain Madman**, **Dr. Muhammad Talan Kaemah**, **Dr. Mohammad Shamim**, **Dr. Mohammad Faheem**, **Dr. Abdullah Yusoh** and **Dr. Manoj Aree** for their constructive guidelines for me.

Last but not least, I would like to express my thanks to my wife, **Mrs.Suaida Wankhwan** and all of my brothers and sisters particularly **Mr.Shusak Aroonpoonsup, Mr.Ekalak Sukkasem, Mr.Songsak Madsalah, Mr. Panya Songsiri, Mr. Witcha Wisuthipranee, Mr. Anek Kunsrisong, Mr. Bandit Aroman, Mr. Taweesak Nilngam, Mr. Smeet Esor, Mr.Somchai Dijaroen, Mr.Tharadol Naknawa, Mr.Sakarin Binsahoh, Mr. Decha Narinthorn , Mr. Abdullah Aasdala, Mr. Abdul Aziz Yusuf, Mr.Apichat Pongkasaem, Mr.Armeen Dejlay, Mrs.Supansa Limtrakul, Mrs.Saleela Mahamad, Ms.Sulaida Aroonpoonsup** for their unexplainable and immeasurable contribution and encouragement to me.

My acknowledgement will not be completed without express my sincere thanks and respects to all staff members at Royal Thai Embassy in New Delhi and Indian Embassy in Bangkok for contributions in various kinds of legal processes.

Worawut Wankhwan

PREFACE

As the world turns to accept the process of liberalisation and globalization, economic integration and cooperation seem to be inevitable. Economic diplomacy declares its significance to herald economic cooperation among the competitive environment imposed by each and single countries, especially developed countries. Economic diplomacy is identified as an important instrument to handle and control the economic power to accomplish national interest. Normally, economic diplomacy has been triggered and guided by potential strategy of foreign policy. Thailand's foreign policy towards the G.C.C. countries is conducted on cordial bilateral relations and multilateral engagements with the region. So far, G.C.C. countries is therefore one of the top priority in foreign policy issues. The policies towards G.C.C. countries register a part of "Look West Policy", which is determined to enhance closed relations and economic integration. Thailand's establishment of diplomatic relations with the G.C.C. dates back to the 1950s. Diplomatic relations with G.C.C. was improved by exchange of high level visits. Thailand's authorities are emphasizing economic relationship with the region in various areas, for example in the area of joint venture, trade negotiation, investment in various sectors like health service, spa, construction etc..,and tourism including medical tourism. Thailand's authority obligation is to strengthen economic partnerships with each of G.C.C. country. A lot of incentives and advantages to enhance relationship with G.C.C., such as capital surplus and high liquidity generated by sky-rocketing oil price increase in global market are long represented. G.C.C. countries also started the programme of economic reforms and liberalization in the early Nineties. The commitment of Thailand as well as G.C.C. countries has gradually been getting deeper and deeper for economic integration. This is further expected to result in the strengthening of the bilateral trade relations between Thailand and G.C.C. countries. Moreover, every G.C.C. country is now the member of World Trade Organisation. Therefore, trade policy, business law and regulations of all the member countries of Gulf Cooperation Council (G.C.C.) namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates is being guided or advised by WTO rules. There is an implication that all tariff barriers are going to be eliminated in G.C.C. countries. All countries register the equal rights and opportunity to exploit in this huge and rich market. So far, Thailand investment cooperation with G.C.C. is still limited in number and scope. This study deals with Thailand's economic diplomacy in G.C.C. countries. The first chapter deals with the introduction on economic background of the two regions. Hypothesis, objective of the study, methodology, significance of the study, literature survey and chapterization are all represented in this chapter. The second chapter deals with general view of economic diplomacy and discussion on overall economic diplomacy and cooperation between Thailand and individual G.C.C. countries are available in this chapter. The third chapter discusses Thailand's strategy in G.C.C. market. The fourth chapter puts an attempt to point out Thai market and G.C.C. countries. The fifth chapter describes Thailand's strategies in G.C.C. labour market. The last chapter deals with summary and conclusion. The thesis also studies the various perspectives of diplomacy; for example the task of diplomacy, the importance of diplomacy on trade, economic sanction and so on. Obviously, Thai's authority would focus more directly on economic diplomacy in G.C.C. countries. This would help Thailand to diversify exports market base not only goods but expatriate labours to cover up deficit with G.C.C. countries. Moreover, this would contribute Thailand to be more secure in international trade sphere. Therefore, to diversify her trade basket would be the top priority for Thailand because Thailand is exported based economy. The utilization of economic diplomacy as a tool to achieve the maximum level of economic cooperation with G.C.C. countries is crucial. Lack of a successful Thai economic diplomacy in G.C.C. countries resulted in underexploitation of the opportunities for Thai-G.C.C. cooperation. An active and mature practice of the economic diplomacy by Thailand is necessary to grab the opportunities of enhanced Thai-G.C.C. economic cooperation.

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CHAPTER 1

Chapter 1 (Introduction)

As the world enters into the increasing levels of globalization, almost every country around the globe whether rich or poor, developed or undeveloped rapidly realise the importance of their own foreign policy. They have been struggling to achieve the set goals or objectives for their security, stability and prosperity both political and economic. A significant part of the government policy of any country is of course foreign economic policy which is identified as an important vehicle to grow up and develop its economic relation and integration with other parts of the world and eventually meet its national interests. Simultaneously, foreign economic policy plays a constructive role to take a close monitoring and take a quick response to the rapid world economic development.

Economic diplomacy is directly related with international economic affairs. Economic interdependence since 1950s could be identified as a tremendous influential factor for all nations to acknowledge the great role of economic diplomacy in the international stage. Increasingly, the process of economic diplomacy has become sophisticated, relating more and more issues and including more and more diplomats. Economic diplomacy could be an important instrument to link the various countries to garner the mutual benefits between the two sides.

It can be pursued through economic integration or grouping, economic meeting, bilateral, trilateral or multilateral level of economic negotiation and so on. It can not be denied that economic diplomacy can be described as a systematic tool to utilize economic power in order to accomplish the whole strategy of foreign economic policy.

Thailand's foreign policy towards the G.C.C. countries is established on the strong bilateral relations and multilateral engagements with the region. The policy is part of "Look West Policy", which proposed to establish cordial and endless relations. Economic cooperation in various areas with these oil rich states (G.C.C. countries) is an important part of Thailand's Look West Policy. Moreover, Thailand has been struggling to push forward an all-round relations and cooperation with countries in the region in political, economic, social and cultural spheres. Of course, Thailand's policy consists of Government-to-Government, Business -to-Business and People–to-People contacts and exchanges. Thailand aims to enhance economic relationship with the G.C.C. region in areas of trade through free trade agreement which is only at an early stage. Certainly a successful free trade agreement would benefit both sides in which Thailand could become a gateway for G.C.C. to Southeast Asian countries while access to G.C.C. countries could also help Thailand in penetrating the vast Middle East market. Traditionally, Thailand's trade with G.C.C. countries has involved large volumes of vehicle, machinery, electronical devices, canned seafood, agricultural product and ready-made garments. Currently, largest exports are vehicle, (not railway), with its volume growing rapidly, followed by air-conditioners; pick up trucks, electrical appliances and electronics, gem and jewellery. However, there are many items which represent a continuously increasing trend which we can observe in details in chapter 3.

The trends in current Thai trade policy , include identifying export products and to promote trade opportunities in the G.C.C. market, focusing on Halal food and trade in services such as medical and health services, spa, Thai restaurants, and construction. Foreign direct investment is very low on the two sides, so many business regulations has to be properly revised, especially at the G.C.C. countries side. In terms of tourists, Thailand has become one of the most popular destinations among G.C.C. tourists which generate the highest spending during the trip. Thai tourism sector would get more benefit from these tourists if the promotion of amazing Thailand has been easily accessible for them. Besides, they look for healthcare and medical services that promise international standards but lower costs than Western countries. Thailand's policy is also focused on developing economic partnerships with each of G.C.C. countries. While Thailand wishes to create and rapidly expand business opportunities in which G.C.C. countries could be Thailand's strategic partnership to secure the energy supply and drive Thailand's economic prosperity.

Thailand's economy: An overview

The study of Thailand is of great interest because of its characteristic features distinguishing it from the other countries of Southeast Asia. For example, Thailand is the only country in the region, which was never subjected to European colonialism. Politically, Thailand is a constitutional monarchy with parliamentary democratic structures. From the fifteenth to nineteenth centuries, Siam was a major port on the Asian trade routes running from Japan to Arabia. The interior of Siam dominated a wide range of valuable trade commodities. Siamese port-capital of Ayutthaya became a cosmopolitan city with settlements of Chinese, Europeans, Japanese, Persians and Arabs[1]. However, after Europeans gradually came to dominate Asian trade, Siam had lost its importance because other ports such as Malacca and Singapore were more convenient, beneficial and lucrative. Nevertheless domination of colonial era in neighbourhood played an important role in the transformation of Siam. Obviously, people in other parts of Asia were lured to move into the

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1 Pasuk Phongpaichit and Chris Baker, *Thailand's Boom and Bust*, Silkworm Books,Bangkok, 1998,p 12

downtown area in order to get a good job, high living standard and other facilities provided by colonial rule. Siam itself became the major rice exporting country of the region due to availability of plenty of land resources. The volume of Europeans doing business in Siam was small as compared to neighbouring colonial countries. However, banking, insurance, shipping, and managing agencies were mostly operated by the Europeans and claimed a big success before the period of the Second World War. Between the early nineteenth century and 1950, due to the migration encouragement and support by King, some four million Chinese (most of them were very poor) departed from the ports of southern China for Bangkok. The migrants arrived with no more than "One pillow and One mat"[2]. Since 1950 Thailand has continued to rely on imports for a substantial part of its requirements of manufactures, both consumer goods and capital goods. Thailand has, on the whole, maintained its traditional posture as an open economy, closely connected through trade to the outside world, and largely relying upon competition and market prices(as influenced by tariffs) to regulate the size and composition of imports[3]. Prior to World War II, Thailand had developed a small manufacturing capacity, but it had not gone very far by 1941. The dominant

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2 Ibid, p 13

3 James C. Ingram, *Economic Change in Thailand 1850-1970*, Stanford University Press, California, 1971,p 280

manufacturing industries were rice-milling, saw-milling, and other simple processing industries, cement, textiles, beverages, and a number of small-scale activities, largely producing for final consumption[4]. The development of the industrial sector since 1950 looks impressive even though small in absolute terms. In terms of its share in the gross national product, value-added in the industrial sector rose from 18 percent in 1951 to 26 percent in 1960 and to 30 percent in 1969. Since GNP was itself rising rapidly in this period, this rising sectoral share implies a high rate of industrial growth[5].

In 1960, agriculture contributed 39.8 percent to GDP. By 1990, even though the sector has continued to grow, its contribution recorded a mere 14.2 percent. During the same 30-year period, manufacturing sector's share grew from 12.5 percent to 25.2 percent. The Thai economy has therefore undergone dramatic structural change in the period. Manufacturing has assumed the leading role in terms of its contribution to GDP since 1981. The foundations for the these changes were laid by successive five year National Economic and Social Development Plans, the first starting in 1961. The major emphasis of the plans in the 1960s was import substitution. However, from mid-1970s onward, the emphasis shifted to production for export. In the process, the scale of manufacturing production expanded, from small scale to medium

4 Ibid, p 284

5 Ibid, p 288

and large scale industries. Success in diversification meanwhile resulted in a numerous variety of products. The share of manufactured output continued to rise during the 1970s in spite of setbacks in the world economic environment, including the oil crises which also adversely affected the Thai economy and prompted the Thai government to adopt a restrictive macroeconomic policy stance. During this period, however, the authorities began to promote exports instead of concentrating only on import substitution[6].

Half a century ago, Thailand's urban business was probably smaller and less sophisticated than almost any other country in the region which derived a lot of economic facilities from their leaving colonial states, for instance Korea and Taiwan took over modern industries established by the colonial Japanese[7]. Nevertheless, Thailand's massive economic growth was indicated by the average of 5-8% growth per year during 1970-80s. Surely, the economic prosperity was triggered by government's plan which focused on the improvement of economic infrastructure, skilled labour and so on. Since The Second World War, this old society has been rapidly transferred to a new society of industrialization. Incidentally, the marriage of business and politics was

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[6] Department of Economic Research, Bank of Thailand, *Getting to Know the Thai Economy*, Sri Siam printing press, Thailand, 1991,p 2

[7] Pasuk Phongpaichit and Chris Baker, *Thailand's Boom and Bust*, Silkworm Books Thailand, 1998,p 17

formalized in the late 1950s under the regime of General Sarit (1957-63). The US had cultivated the friendship of Thai generals for several years before Sarit came to power. The US encouraged Sarit to adopt a free-world model of development, which meant providing state backing for the growth of private business. With US grants and loans, they built the schools and colleges to raise the level of education in order to train a new workforce. With US expertise, they established the fundamental infrastructure to manage a modern urban economy[8]. Before the financial crisis, the Thai economy had years of manufacturing-led economic growth--averaging 9.4% for the decade up to 1996. Relatively abundant and inexpensive labour and natural resources, fiscal conservatism, open foreign investment policies, and encouragement of the private sector underlay the economic success in the years up to 1997. The economy is essentially a free enterprise system. Certain services, such as power generation, transportation, and communications, are state-owned and operated, but the government has been considering privatizing them in the wake of the financial crisis[9].

It can be also described that the attempt to attract and increase foreign investment was initiated by bureaucrats and technocrats. These technocrats believed that Thailand's prosperity lay in minimizing state

[8] Ibid, p 22

[9] Viewed at http://en.wikipedia.org/wiki/Economy_of_Thailand

regulation of the private sector to allow it to play the leading role in economic development, and in a closer cooperation of the Thai economy with the global economy through financial liberalization, accelerated trade and investment. Moreover, the elimination of all crucial restrictions on foreign transactions, coupled with the maintenance of high interest rates to attract investors and tying the baht (Thai currency) at a stable rate to the dollar to ensure them against foreign currency risk created a friendly framework of macro-economy to foreign capital. Importantly, the massive wave of portfolio investment conducted by Japanese and other direct investment played a big role in the economic growth of the country in the early 1990s, which was at the high level of 7-10 percent[10].

The economic bubble that had grown since the early 1990s finally burst, taking both Thais and foreigners by surprise. Thailand's high-growth economic boom could not go on forever fuelled by debt-driven consumption, ill-advised mega-projects, fiscal mismanagement, and political instability. So the economy came back to earth with a crash, the crash of the property market and the plunge in the value of the baht. The baht was cut loose from its fixed exchange rate on 2 July 1997 and steadily lost value, ending the year about 45 percent lower against the US dollar. Fifty-six of the country's finance companies had gone broke under massive

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10 Walden Bello, Shea Cunningham and Li Kheag Poh, *A Siamese Tragedy, Developmment and Disintegration in Modern Thailand,* White Lotus Company, Ltd Thailand, 1998, p 7

bad debts, many other companies were facing bankruptcy, and unemployment was increasing. The situation had not improved at year-end 1998. The crisis had pushed the number of unemployment up to 1.13 million, compared with 623,000 unemployed in 1997 and 486,000 in 1996. Other estimates, however, placed unemployment somewhat higher. GDP declined by 9.4 percent in 1998[11].

The **economy of Thailand** can be characterised as the lower middle income industrially developing economy, heavily export-oriented, with exports accounting for 60% of GDP. The exchange rate reached Bath37.00/usd as of October 26, 2006 for a nominal GDP at market rates of approximately US$ 200 billion. However, due to rapid appreciation in 2007, nominal GDP hovered around $230 billion. This made Thailand as the 2nd largest economy in Southeast Asia, after Indonesia, a position it held for many years. Despite this, Thailand ranks midway in the wealth spread in Southeast Asia as it's 4th richest nation per capita, after Singapore, Brunei, and Malaysia. It is also an anchor economy for the neighboring least developed countries of Laos, Burma, and Cambodia. Thailand's recovery from the 1997-98 Asian financial crisis relied on exports, largely on external demand. Thailand has a strong automotive export industry along with electronic goods manufacturing which has

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[11] John Laird, Money Politics, *Globalisation, and Crisis, the case of Thailand*, Graham Brash Pte Ltd, Singapore, 2000, p 3

helped to strengthen the baht. Agriculture has always been traditional income generation, but has declined in relative terms in recent years as overall exports increased. Tourism has been on the rise as well, but not without negative consequences. With the instability surrounding the recent coup(2006) ;however, the GDP growth of Thailand has settled at around 4% from the previous highs of 5-7% under the previous administration, as locals as well as foreign companies hold investment back due to political uncertainty[12].

General Views of G.C.C. *economies.*

The establishment of the Gulf Co- operation Council (G.C.C.) has been a milestone in the efforts of member countries to develop closer cooperation, not only politically, but economically. The several activities to be examined in terms of economic co-operation in that critical part of the world include the following: first, the energy policy of these countries as they relate to the energy situation world-wide; second, the surplus economies, that is, the surplus-capital economies of the Gulf Co- operation Council; third, the industrial policies of the countries included; and finally

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[12] http://en.wikipedia.org/wiki/Economy_of_Thailand

the services policies, which as a sector is growing in importance[13]. The declared ambitions of the G.C.C. countries are to create a cohesive regional group and to effect deeper integration and closer cooperation between its members. Indeed, since the inception of the G.C.C. countries, its members have moved closer to each other in several ways in economic, social and political spheres. A free trade area had been created and an agreement on a customs union entered into force in January 2003. A monetary union has been mooted to be followed by a single currency in 2010. There is already free movement of people, goods and capital between its member states and there are discussions aimed at achieving a common Gulf citizenship[14]. The G.C.C. region as a whole was one of the poorest in the world before the advent of oil. After a slow start, the region's share of world production rose substantially after World War II, which made it one of the most globally important sources for energy exports. The G.C.C. countries are major oil producers, their combined oil production is over 20 percent of the world total and their oil and gas reserves are around 40 and 15 percent, respectively. Oil and gas revenues account an average of about 75 percent of total government revenue and such exports comprise 65 percent of total export. While there are variations among countries, these shares are

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13 M.S. EL Azhary, , *The impact of oil revenues on Arab Gulf development*, Westview Press,Colorado, 1984, p 54

14 Gers Nonneman, ,*Analyzing Middle East Foreign Policies and the Relationship with Europe*, Routledge London, 2005,p 145

nevertheless significant in all countries. As all six G.C.C. countries rely almost exclusively on oil revenues as the main source for public funds, fluctuation of oil prices has complicated their efforts at long term planning. Oil is not only the main source of national income in the six G.C.C. countries but it is also the main engine for the transformation of the region. Moreover, the obvious impact on government finances and the balance of payments, changes in oil earnings have broader implications for domestic economic activity in the G.C.C. countries[15].

The economic activities of Gulf Cooperation Council (G.C.C.) countries were trapped to limit to the agricultural activities like production of dates, vegetable and fruits, fishing and exploitation of sea for pearls and other precious commodities. Sea-faring and boat building were also important economic activities, whereas the pearl diving was the major industry in Kuwait and some other G.C.C. countries. After the discovery of oil in 1930s the whole economic structure was altered but this transformation triggered momentum in the oil boom period of 1970s, which created massive financial revenues. The G.C.C. countries, except Bahrain, share only one outstanding characteristic that is oil. These economies are significantly dependent on the depletion and export of a

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15 Ibid, p 151

single commodity. The aim of G.C.C. economic policy carries mainly two basic goals.

1. To provide basic infrastructure like building, road, ports, communication network, educational and training facilities etc. this was supposed to make the subsequent economic development feasible by enlarging the absorptive capacity of these economies. This was expected to remove impediments in the way of industrialization as well as existing symptoms of underdevelopment.
2. The fear of oil depletion, however, necessitated creation of some alternative production sectors which could help the economy in maintaining high level of income when oil gets exhausted. This needed a fundamentally original approach keeping in mind the peculiar resource base of these economies and the limitations imposed by that[16]. The countries whose economies are based on depleting resource must adopt policies in the long run, which will enable them to maintain their standards of living after the resources are exhausted. It requires that the policies that enhance

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16 Subhash Narula, *Gulf Economies in Indian Perspective*, Commonwealth Publishers, New Delhi, 1988, p 35

the business climate should be embraced and distorting economic policies should be eliminated[17].

The period 1973-78 was marked by attempts to achieve the first goal while the post-1978 period is mainly aimed at accomplishing the second goal[18]. The rise in oil prices in 1973-1974 and 1979 resulted in huge increase in the income and wealth of the G.C.C. countries. They used these finances to develop their economies, investing large amounts in expensive economic and social infrastructures and developing social services that were provided free or at minimal cost to their populations. These countries encouraged population growth by providing social benefits to large families and by importing workers for construction and other projects. They also have surplus funds that have been invested abroad and that yield substantial income. These accrued to the public and private sectors. And because of this at the period of lower oil prices, the G.C.C. countries were able to avoid problems in financing their state budgets and their balance of payments. But these large expenditures did sow the seeds of financial problems that were to affect the economies of the region from the late 1980s onward[19].

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17 Nemat Shafik(ed), *Economic Challenges facing Middle Eastern and North African countries*, Alternative Future, Mac Millan Press, London, 1998, p 225

18 Opcit. 16. P. 35

19 Paul Rivlin, ,*Economic Policy and Performance in the Arab World*, Lynne Rienner Publishers, Colorado, 2001, P. 49

The pace of diversification since the 1980s has been very rapid within the Gulf Cooperation Council (G.C.C.) countries. In 1980 crude oil constituted 60 percent of GDP, its contribution fell to 30.5 percent in 1998[20]. The process of industrialization and diversification has greatly accelerated the economic activity throughout the G.C.C. countries as both individual entrepreneurs and government policy makers assumed that industry was essential to a better life. In fact this drive symbolized a break with the past, a break with traditional, slow moving economies, with primitive technology and with the role of supplier of primary commodities and buyer of manufactured goods from the foreign industrial countries. In G.C.C. countries the industrialization is assigned to create greater balance in the growth and structure of the G.C.C. economies by making them less dependent on the dominant hydrocarbon sector[21].

The first stage of economic development in the region lasted from the early 70s till the early 80s and made use of increasing oil revenues to help build the basic infrastructure both physical, human and financial-airports, sports, roads, schools, housing, universities, hospital, telecommunications and financial institutions. The second development phase started afterwards. It involved a larger participation of the private sector and relied more on attracting foreign investors as joint venture

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20 Middle East, December, 1999, No. 296, p 37

21 Jha, Ajay N., *India's economic diplomacy in the Gulf*, ABC publishing house, New Delhi, 1988,p 41

partners, including the transfer of appropriate technology, management skills and international distribution system. In other words, the existing infrastructure was to be used to build new industries that had a clear commercial viability[22]. The industrial sectors of the various G.C.C. countries are increasingly gaining prominence and gradually becoming viable and contributing more to the region's GDP. During the first half of the 80s the region witnessed a significant numerical growth in manufacturing enterprises. By 1985, according to the Gulf Organization for Industrial Consulting, there were about 3600 licensed manufacturing enterprises operating in the region, with a total investment of $75 billion. The majority of these enterprises were engaged in import substitution products and depended mostly on imported skills for their operation. Nevertheless, the region remains characterized by excessive reliance on imports to meet consumption needs. The contribution of the industrial sectors to GDP in the various G.C.C. countries is still limited[23].

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22 Henry T. Azzam, *The Gulf Economies in Transition*, The Macmillan Press Ltd.,London, 1988, p. 3

23 Ibid,p 121

G.C.C. initiatives.

Over the past few years, policy initiatives in the region have contributed to a strong macroeconomic foundation and acceleration in non-oil economic growth. Some of the structural reforms undertaken by the G.C.C. governments include: privatization of telecommunications and other public enterprises in Saudi Arabia, Oman and the UAE, the ongoing regulatory and supervisory changes to enhance transparency in all G.C.C. markets, as well as opening up of stock markets to foreign investors. Trade integration is a priority for the G.C.C. countries. They are unifying their industrial regulations and legislation to facilitate distribution of industries by encouraging establishment of basic projects according to the comparative economic advantage. Towards this, the bloc had unified a number of trade regulations such as the Unified Guiding Regulation of Commercial Agencies, the Model Regulation of Commercial Agencies, the Model Regulation of Trade Marks, the Unified Law of Commerce, the Unified Commercial Registry Law and the Unified Law of Customs. These initiatives are intended to ultimately result in the creation of the Gulf Common Market and economic union.

Challenges

Among the six major challenges are:

1. Human resource development.

2. Diversification of their economies to reduce dependence on oil.
3. Creation of appropriate opportunities for employment.
4. Challenges arising out of globalization and WTO demands (the burden of the exports of existing small- and medium-scale industries)
5. Necessity of being positive towards globalization to get benefits from economic, political, cultural and social opportunities and opening it provides[24].
6. Political reforms.

It is a golden opportunity for Thailand to adjust its strategic policy to experience these challenge together with G.C.C. countries and put an attempt to make strong ties and closed partner through economic diplomacy. This would offer an expanded market for Thai export products in this region and joint venture, business opportunity of the two sides will present itself through cordial relationship.

Hypotheses.

1. Economic diplomacy is a scientific and systematic part of diplomacy which envisages transforming the words into effective and positive action for national interest. This is absolutely determined by the concerned government.

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24 G.C.C-India Research Bulletin, Gulf Research Center, Dubai, Issue 2 , June 2006,p 18

2. Economic diplomacy is a form of diplomacy which works to restore and strengthen a country's position in international stages as well as seeking international cooperation in all fields.
3. Thai and G.C.C. economic diplomacy are absolutely responsible for large area of economic cooperation such as bilateral trade, foreign direct investment (FDI), tariff reduction, free trade area (FTA) and so on. Hope and orientation to improve such conditions must rely on all sign of optimism presented by economic diplomacy.
4. Thai and G.C.C. economic diplomacy should not be at standstill because various economic opportunities remain largely unexploited. Imported-energy-dependent economies like Thailand should establish a productive economic diplomacy to G.C.C. countries to secure its energy supply. However, the source of oil import should be diversified in order to create alternative options.

Objectives of the study.

1. To study the general background and the main purpose of diplomacy which specially refer to economic diplomacy.
2. To examine critically the evolution and development of Thai economic diplomacy associated towards G.C.C. countries

through investment , foreign direct investment (FDI), free trade agreement and free trade area, expatriate labour force and the performance of bilateral trade as well.

3. To understand the essential role of economic diplomacy in various aspects such as task of diplomacy, diplomacy associated to trade, economic diplomacy in the field of economic sanction and so on.
4. To examine and measure the impact of economic cooperation on bilateral trade which of course refers to bilateral trade between Thailand and G.C.C. countries. The country wise data will be provided to facilitate the study.
5. To deal with the condition of Thai labor force in G.C.C. countries and also to study what are the factors which create momentum and drastic change for a vast number of Thai labour there and to acknowledge the impact of remittances on Thai economy.
6. To study and analyse critically ongoing G.C.C. - Thailand relation and provide recommendations for future prospects.

Methodology (Sources of Data)

The study is essentially based on secondary sources of data and information which is collected from different sources and publications. Various yearly and monthly publications providing information of the program and development of economic diplomacy between Thailand and G.C.C. countries such as statistical data on imports, exports and expatriate labor and remittances, composition and direction of trade etc., have been consulted. Simple statistical tools relevant for the study of this topic will be utilized to analyze the subject.

Broadly speaking the sources can be classified under two heads:

1. National source: this particularly include the publications of (**a**) Central Bank of Thailand and Central Bank of G.C.C. countries, namely Saudi Arabian Monetary Agency (SAMA), Central Bank of Kuwait, Bahrain Monetary Agency, Central Bank of Oman, Central Bank of Qatar, Central Bank of UAE (**b**) Thai and G.C.C. Commercial Banks. (**c**) Various Thai's ministries namely, Ministry of Foreign Affairs, Ministry of Labour, Ministry of Commerce, Department of Export Promotion, Customs Department and Thai's statistical institute. (**d**) Various library in Thailand's University, namely Ramkhamhaeng

University, Chulalongkorn University and Thammasat University.

2. International source: it consists of different statistical year books published from International Monetary Funds (IMF) and World Bank (WB), some of them are: (**a**) Direction of Trade Statistics Year Book, (**b**) Balance of Payment Statistics Year Book, (**c**) International Statistics Year Book, (**d**) Europa, Middle East and North Africa Year Book.

Significance of the study.

The proposed study would focus on both the emergence and evolution of economic diplomacy between Thai and Gulf Cooperation Council (G.C.C. countries) and its important role as a crucial contributor to drive dramatic economic relationship among the two regions. So far, little progress had been made in the negotiation on economic cooperation in various fields, especially Thai- Bahraini free trade agreement negotiation which was suspended unreasonably. In an overall scenario, no signal of any breakthrough had been made so far. Therefore, the top priority of the present study is to seek the way to establish comprehensive solutions and momentum in the area of Thailand's economic diplomacy in order to improve all kinds of economic cooperation among the two regions.

Literature review.

Obviously, the diplomacy has long been an attractive topic for many scholars but the popularity of economic diplomacy comes to the fore and clearly observed after the economic liberalization spread to all over the world. Every country must be vigilant economically and to sustain its competitiveness. Therefore, this factor brings an atmosphere of cooperation and at the same time they have to compete economically with each other to maximize the economic benefits for their countries. This is why economic diplomacy has gained so much of importance. Many books written about this topic associated to economic diplomacy directly or indirectly are reviewed as follows:

Bharati Mukherjee[25], in his book entitled "*Kautilya's concept of diplomacy*" deals with the concept of diplomacy enunciated by brilliant statesman of ancient India "Kautilya". Also, this book examines the diplomatic policies as proclaimed by Kautilya by the application of the modern systems analysis method which is regarded today as a landmark in the field of methodology of Political Science. However, with the rapid change of the task of diplomacy since the Second World War, the economic interests claim much more importance. Therefore, the diplomatic concept which is discussed in this study became considerably outdated.

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[25] Bharati Mukherjee, *Kautilya's concept of Diplomacy*, Minerva Associates, Calcatta, 1976

Kishan S. Rana[26], in "*Inside Diplomacy*" has thrown light on the instruments of Indian foreign policy in which the whole system of Indian methodology and the diplomacy are clearly discussed. Besides, it examines the various roles which are played by the Ministry of External Affairs and by the Mission Abroad, the High Commission and so on. Of course, an attempt has been made to discuss the Indian diplomacy and its performance. Obviously, this book is very necessary for this thesis to discuss about the role of diplomacy of a country in the global arena. However, this study gave fewer details for Indian government and authority in charge of economic diplomacy.

Jha, Ajay N.[27], in "*India's Economic Diplomacy in the Gulf*", highlighted the various fields of India's foreign economic policy since its independence. An attempt was also put on the discussion about the historical framework of economic diplomacy of India with the G.C.C. countries in the post 1973 era. It analyses the rapidly growing importance of the G.C.C. countries's role in the global stage, the impact of soaring oil price in the global market to the new programs of modernization and industrialization. It also discusses various important elements which shape Indian economic diplomacy in the Gulf. However, this study is still too old

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26 Kishan S. Rana, *Inside Diplomacy*, Manas Publications, New Delhi,2000

27 Ajay N. Jha, *India's Economic Diplomacy In the Gulf*, ABC Publishing House,New Delhi, 1988

to discuss Indo-G.C.C. economic relations in the global environment of liberalization.

T.N.Kaul[28], in his book, "*Ambassadors Need Not Lie*" ,has constructed a profile of foreign policy of India. It traces the development of Indian foreign policy not from the hindsight of today, but from year to year as making in the form of history. It examines the impact of the historical events to shape foreign policy. Also, it discusses about the role of India towards globalization. The India's diplomatic aims are critically explained. Definitely, this book is also helpful in explaining the impact of external factors for shaping the foreign policy, but with the rapid growth, specially economic, of India in the global stage, the study need to be updated.

Humphrey Trevelan[29], in the book "*Diplomatic Channels*" explains the role of British Foreign Service, known as the diplomatic service, since the decline of British power, due to the massive growth in economic, military and political power of U.S. and the Soviet Union. Of course, changes in diplomacy, the habit of the government and ambassadors have been discussed in detail. This study may be quite beneficial in this thesis and gives many important clues how to be an intelligent ambassador in order to get advantages and interests for own

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28 T.N. Kaul ,*Ambassadors Need Not Lie*, Lancer International, New Delhi, 1988

29 Humphrey Trevelyan, *Diplomatic Channels*, Macmillan, London, 1973

countries and how to adjust its own foreign policy ; nevertheless, the issues discussed here are considerably too old.

Pasuk Phongpaichit[30], Chris Baker, in their book "*Thailand's boom and bust*" explain the unique difference of Thailand from other countries in Asia both politically and economically. This study traces and focuses on the period a decade ago when Thailand was the fastest growing economy. Where it came from, what it did, why it ended, all of these interesting points are clearly discussed. Besides, the impact of politic instability towards domestic economy is also explained. The rapid economic growth of Asia and Thailand have been closely examined in this study. It can be said that almost all of the various economic aspects of Thailand during last decade are presented; however, some areas are still missing like, the stock exchange performance in this particular period, monetary policy, economic statistical data e.t.c.

Sanjaya Baru[31], in his book "*Strategic Consequences of India's economic performance*" explains and examines on contemporary India's foreign policy with special reference to economic point of view. General principle of seeking national security through economic engagement is more specific idea of utilizing regional economic

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30 Pasuk Phongpaichit and Chris Baker, *Thailand's Boom and Bust*, Silkworm Books Thailand, 1998

31 Sanjaya Baru, *Strategic Consequences of India's Economic Performance*, Academic Foundation, New Delhi,2006

integration as an instrument of regional security. According to Baru, India must take economic diplomacy into account because in the past India economic diplomacy performed ineffectively. China is a very potential country and enormously tries to get closer and deeper economic and commercial relationship with the West and another parts of the world, especially with Asian neighboring countries. As a result, India's bilateral trade exceeds that of China with only small three countries in the entire West, Central, South-East and East Asian region. Every major Asian country has a larger trade relationship with China than with India. This can be attributed to the fruitful economic diplomacy of China itself. India's economic interest and national security can be maintained consistently by correcting this imbalance through the implementation of effective foreign economic policy. As the world rapidly turns into globalization, India has to make an atmosphere of cooperation, competition and at the same time effective economic policy makers and good economic diplomats are absolutely required. This book explained and examined many topics but some details in some interesting topic still disappeared.

Javed Ahmad Khan[32], *"India and West Asia: Emerging Markets in the Liberalization Era"*, deals with economic liberalization and privatization in the West Asian region and the effect of global economic

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32 Javed Ahmad Khan, *India and West Asia, Emerging Markets in the Liberalization era*, Sage Publication,New Delhi, 1999

liberalization and economic reform of India. This book critically examines the economic relations between India and West Asia during globalization. The role of economic diplomacy of India in Israel and Iran which resulted in growing of economic ties has also been studied. It is also concerned with the role of Indian trade in the emerging West Asian market and analyses the percentage share of Indian trade with West Asian bloc. Some policies which affected the boost in exports to this market, especially in oil-rich G.C.C. countries have also been discussed. Indo-Arab Economic Relation in the 1990s, are also critically examined through investment, joint venture, trade and so on. The problem of Indian expatriates in Arab countries and the resulting impact of remittances from Indian worker is also clearly studied. This book is very beneficial for the study. Although there is no any study or topic directly associated with Thailand but the trends and Indian policy towards West Asian countries could provide good guidelines for the work. However, the analysis in this book is based on old data which need to be updated like economic policy and diplomacy, joint venture, investment, labor and impact of remittance.

Donald A. Wells[33],"*Saudi Arabia Development Strategy*", deals with the consequences of sky-rocketing oil price increase in 1973 which transformed economic and political relationship among the nations.

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[33] Donald A. Well, *Saudi Arabia Development Strategy*, American Enterprise Institute for Public Policy Research, Washington D.C., 1976

The book puts an attempt to study Saudi Arabia's role as the world's third largest producer of crude oil, following the Soviet Union and the United States because the direction of Saudi Arabia had been influential in the determination of price and availability of oil and also in shaping political developments in the Middle East and elsewhere. According to Saudi Arabia's five year plans, investment is to be channeled into all sectors of economy. Nevertheless, lack of research and clear study in plan and financial constraint because of oil price fluctuation in the global market resulted in ineffective operation. Economic growth is represented almost entirely by the performance of petroleum sector. And the manufacturing sector is dominated by the petroleum sector where agriculture is very limited. The most interesting consequence of Saudi Arabia strategy lies in Saudi Arabia policies toward the volume and price of crude oil. Clearly, Saudi Arabia's authority has to be vigilant for oil price in global market which always keeps fluctuating. The proper plans for diversification of its economy must be conducted and implemented because the reliance on the only depleting resource, oil as concerned would be economically flimsy. This book is useful for study the economic development in Saudi Arabia but it is supported by the outdated data and research was also limited to that time period. The magnitude of change is fast and substantial so it is compulsory to examine them from up to date data.

Paul Rivlin[34], "*Economic Policy and Performance on the Arab World*", examines the weakness of Arab economic intervention during the sluggish oil price in the late 1980s and 1990s. The growth of productivity was much slower than the high rate of growth of population. Everything seemed to be very challenging for the Arab governments to conduct a proper economic policy and put these in the right direction. The study throws light on the demographic trends of development of the labour force, unemployment, poverty and environmental issues. These all have been major concerns for economic policymakers in the Arab region. The effective utilization of the limited natural resources in the region is also the serious issue discussed in this book. Economic reform in this region has been very slow because of some part of region are still very much dependent on oil and oil price fluctuation in the global market. This book recommends that this region should create strong relationship with developed countries like EU to enhance the area of trade, FDI and import capital goods to improve its productivity and diversify its products away from oil. Though this book is conducted for an important period of declining oil era but country wise data and clear policy of the Arab governments to overcome these issues which dominate the Five Years plans are not clearly examined.

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[34] Paul Rivlin, *Economic Policy and Performance in the Arab World*, Lynne Rienner Publisher, Colorado, 2001

A.C. Patankar[35], in his article on *"Economic and Industrial Cooperation: Future Challenges"*, deals with economic and industrial cooperation and future challenges. The initial part is an attempt to discuss India-Middle East trade with special reference to Indo-G.C.C. trade. Due to the author's point of view, there is potential for growth through diversification of the trade basket. Trades among the two sides are dominated by commodities and services with the percentage of value added goods being negligible. So far, G.C.C. countries have been West oriented but notably change to look India as a alternative choices for mutual cooperation. This is absolutely met by Indian demand to secure its energy supply from G.C.C. countries. Besides, this would offer an increasingly expanded market for products manufactured in joint ventures hopefully between in India and the G.C.C. countries. It can be said that the continuous Indian economic growth has proved the capabilities and experiences of mutually beneficial economic and industrial partnership with G.C.C. or with other countries in the world. Also this article describes G.C.C. initiatives plan for further development which directly focus on the structural reforms undertaken by the G.C.C. governments, such as privatization of telecommunications and other public enterprises in

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35 A.C. Patankar[35], *Economic and Industrial Cooperation: Future Challenges,* G.C.C-Indian Research Bulletin,G.R.C. , Dubai,Issue 2, June 2006.

Saudi Arabia, Oman, and UAE, the ongoing regulatory and supervisory changes to establish transparency in all G.C.C. market. Moreover, various kinds of challenges for G.C.C. are also discussed like human resource developments, diversification of their economies, creation of opportunities for employment, challenges by WTO and so on. This article provides valuable framework for Indo-G.C.C. cooperation but India's policy towards G.C.C. countries in the area of trade, investment, joint venture and so on are missing. Therefore, it is totally impossible to assess the level of cooperation between the two regions.

Wolden Bello, Shea Cunningham and Li Kheng Poh[36], in *A Siamese Tragedy: Development and Disintegration in Modern Thailand* deal with the transformation of Thai economic development from history to present day. The background of Thai economy during Ayuthaya period has been clearly discussed. The role of international trade to boost economy during this period has also been comprehensively discussed. Thai path to development to create an economic boom and eventually bust during late 1990s is the topic of major discussion in this book. The impact of globalization on the Thai economy and the role of patronage from bureaucratic and military group which dominated the Thai economic system during 1986-96 are also analyzed. The external economic factors

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[36] Woden Bello, Shea Cunningghama and Li Khean Poh, , *A Siamese Tragedy Development and Disintegration in Modern Thailand,* White Lotus Company Ltd Bangkok. 1998

which influence the Thai economic boom are clearly examined. A comprehensive analysis has been done to find the emergence of the industrial working class, labour organisation in the boom years and child labour and migrant labour, all these factors play an important role to create an economic development and at the same time create a serious concern for Thai authority. This book also discusses the factors that brought down the agricultural production during economic boom and also discusses the role of FDI and pollution in Thailand. The Thai government's policies to reduce the pollution and simultaneously increase FDI are also examined. Some part of this book also put an attempt to comprehensively study AIDS crisis in Thailand and the economic impact of AIDS. This book provides a historic background for Thai economy and the direction of economic progress of Thailand which is considered as unsustainable. However, the book suffers from the limitation of the statistical data. Also, this book does not focus on the factors behind unsustainable economy in Thailand.

Mark Thirlwell and Anthony Bubalo[37], in the article, "*India Looks West; the G.C.C. Looks East*" discusses the world's awakening to India's rise as a global economic power. Since 1992, a key element of Indian diplomacy has been the Look East policy; an initiative aimed at

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37 Mark Thirlwell and Anthony Bubalo, , *India Looks West; the G.C.C Looks East*, G.C.C-Indian Research Bulletin, Issue 2, June 2006

boosting relations with the economies of Southeast Asia, seeking both markets and inspiration in ASEAN's economic dynamism. Now, this urge to look East is increasingly being accompanied by a renewed focus on West Asia, as India seeks to deepen its ties with the economies of the G.C.C. countries. Energy is at the essence of economic relationship, but it is not the whole. Non-energy bilateral trade between India and the G.C.C. countries is on the way to increase. Besides, this article also deals with Indian nationals working in the Gulf which were estimated to generate large amount of annual remittance flows to India between $6-8 billion. India is also becoming an increasingly attractive destination for investors willing to take exposure on emerging markets and for cashed-up regional investment funds. Strategic imperatives are also discussed in this article in various aspects like growing political and strategic ties with G.C.C. countries, counter-terrorism cooperation and so on. The final parts of this article take policy dilemmas into account. For example, India will be keen to avoid having to choose between its increasingly important energy ties with countries in the region and its rapidly developing strategic relationship with the United States. But this will not always prove easy, illustrated by the IAEA vote on Iran. In this respect, India's ties with Saudi Arabia might prove much less difficult to reconcile with the imperatives of developing Indo-US ties. This article is very useful to give various good guidelines for this study on diplomatic imperatives. However, there are some limitations on this article, such as the effect of huge remittance on India economy. Statistical data on bilateral trade of Indo-G.C.C. is not analysed and hence no trends could be studied on the trade relation between India & G.C.C. countries.

M.S. EL Azhary[38], *The impact of oil revenues on Arab Gulf Development deals* with the negative impact of declining oil revenues since 1981 on development in the Gulf States. Of course, this study is restricted to six member states of G.C.C.. This book provides an assessment of the dependence on oil for the region's economic development and enormous challenges faced by G.C.C. governments to deal with the fluctuation of oil price in the global market. This book also describes the condition of oil-rich countries before the discovery of oil, opining that the overall economy of this region before discovery of oil seemed to be better, in terms of primitive agricultural products, fishing, pearling and so on. However, some contradictory statement are found when the author states that the oil rich region would be very poor if oil was not discovered. The process of its development, human resource, expenditure patterns are also examined clearly in this book. Incidentally, oil production policies in the Gulf States are also analysed. The policy

38 M.S. EL Azhary, *The impact of oil revenues on Arab Gulf Development*, Westview press ,Colorado, 1984

makers of the G.C.C. countries were trapped into serious concerns about long-term future because oil would be exhausted. Then, the government sectors have to allow more space for private sector to drive the economy forward. This book also points out the prospects of G.C.C. coordination on various aspects like Gulf foreign investment, banking system, manpower problems and agricultural potential. The role of education as an instrument to improve Gulf condition is also clearly examined and social aspects is also discussed as the impact of development. These human resources are considered to help to accelerate the process of transformation. This study put an attempt to point various ideas on the role of education and how it can effectively participate in the development process now and in the future. Absolutely, this study has been enormously beneficial for this study but the economic status of the G.C.C. economies has been rapidly changing, new development in G.C.C. economies needs to be examined to keep the study up to date.

K.M. Fierke[39], in his book " *Diplomatic Intervention*" analyses the increasing role of diplomatic interventions in various aspects say, moral, legal, military, cultural and of course, economic intervention. He has put an attempt to trace the diplomacy's response to this wide-opened world and discusses how to conduct multilateral diplomacy and

39 K.M. Fierke, *Diplomatic Interventions*, Palgrave Macmillan ,New York, 2005

agreement in order to impose sanction. Although a very useful book but it dose not deal with the contemporary sanctions against the developing countries like Iran, Libya or North Korea.

Jonathan Rigg[40], in *International Contract Labour Migration and the Village Economy: the case of Tambon Kon Han, Northeastern Thailand*, puts an attempt to describe background of international labour migration in Thailand with case study from Tumbon Don Han Village, Northeastern Thailand. Most of his research is based on primary data in a specific region, Don Han in particular. Forces encouraging international labour migration in Tambon Don is also discussed which was directly associated to the conditions in the village and the characteristics of migrant and non-migrant households. This book also deals with the process of migration and cost of migration. Besides, this book studies about social and, economic implications emanating from the expatriates in this village. Patterns of expenditure and investment from the accumulations of remittances after contract expiry are also discussed. Various interviews had been made in this study to return migrants from the Middle East which heralded not only with cash and gifts with them but also with an entirely new experience and possibly with new skills that may benefit them at

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40 Jonathan Rigg, *International Contract Labour Migration and the Village Economy: the case of Tambon Kon Han, Northeastern Thailand*, papers of the EAST-WEST population institute, 1989

home. Village perspectives on migration are also discussed in this comprehensive study which quoted some personal households perspectives on migration. This book would be very useful for this study, especially the fifth chapter which devotes to Thailand's labour migration to G.C.C. countries. However, the continuous changing circumstances of Thailand's migration which shifted their destination to neighbouring Asian countries because of various factors need to be analysed.

Nitin Gogia[41], in the article "*Making Expatriates Stakeholders*: *Path to Progress*" puts an attempt to draw attention on the role of expatriates in building G.C.C. economies with their roles never to be vanished. The author expects the young Kuwaitis studying abroad to take over to role of foreign labour force after completing their degrees. However this does not represent the real situation because 12.5 million of expatriates are still occupying most of employment in G.C.C. countries which constitutes 70 percent of the whole labour force in G.C.C. countries. Massive amount of $240 billion had been sent to their home countries between 1993 and 2002 which accounted for nine percent of the combined GDPs of the G.C.C. countries over that period. The author of this article also pointed the way out for G.C.C. countries as follows: some

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41 Nitin Gogia, *Making Expatriates Stakeholders: Path to Progress*, G.C.C-Indian Research Bulletin, Issue 2, June 2006.

incentives should be properly provided to expatriate to beneficially take part in G.C.C. economies or to invest their money in the host countries, such as long-term residents (LTRs) should be given a more privileged position than outside investors in the region's stock markets or a system could be set up allowing LTRs visa-free travel in the G.C.C. countries which trade and tourism would be motivated inside the group and of course, give them a golden opportunity to invest their money outside the countries where they were based. LTRs could be allowed to set up their own business without local partnership or sponsors on the condition that a certain percentage of their employees were nationals. Expatriate children could be allowed the benefit of more lax visa regulations. This article provides various valuable guidelines for this study. However, comprehensive researches on challenging future prospects in G.C.C. economy need to be conducted to find more details.

Kasikorn Research Center[42](Thai language), in the journal," *the establishment of closer relationship between Thailand and Qatar*" discusses ongoing development of relationship between Thailand and Qatar. The initial part of this journal pointed out various issues discussed at The 4th WTO Ministerial Conference(hosted by Qatar) such as the future

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42 Kasikorn Research Center(Thai language), *the establishment of closer relationship between Thailand and Qatar*, 7th No. 1137, Kasikorn Research Center Co., Ltd, Bangkok, 2001

prospects of global free trade, strategies on protection from global economic recession, the solution of WTO membership of China and Taiwan and so on. Thailand is a member of WTO and has shown a strong commitment to oppose agricultural subsidies among the WTO members. High ranking official of Thailand not only took part in this WTO Ministerial Conference but took this chance to trigger bilateral trade expansion campaign with Qatar. Tourism, labour force market and business issues were also the most important issues. Economic background of Qatar is briefly discussed in this paper such as basic economic infrastructure, important commodities of exports and so on. The volume of bilateral trade between Thailand and Qatar are discussed in this paper. It shows fluctuating trends. Commodity compositions are also shown to make clear the trend in Thailand's export to Qatar. Bilateral trade balance favours Qatar because Thailand is much dependent on energy import of oil which constitutes the largest portion, around 90 percent of Thailand's total oil import is from Qatar. Thailand showed a strong obligation to narrow down trade deficit by improving export performance to Qatar and increase Thai labour force in Qatar and create massive tourism campaign to attract more Qatar tourists which is considered to be one of the highest spending per tourist coming to Thailand. This paper is very helpful for this study, particularly on Thai-Qatar relations. However, policy and strategies on export of commodity, labour export and policy campaign on tourism sector are all not very clear in this paper.

Kasikorn Research Center[43](Thai language), in its publication, "*Restoration of Thai-Saudi Arabia relationship*" deals with the strong intention of government policies (during Thaksin Shinawatra administration period) to restore diplomatic relation with Saudi Arabia which became constrained and frozen for more than a decade. This article puts an attempt to quantify the important relationship between Thailand and Saudi Arabia. Saudi Arabia used to be the largest destination for Thai's labour force migration. The volume of bilateral trade is the second largest among West Asian countries. Moreover, Saudi Arabian tourists in Thailand have become the highest spending per head, at least $240 dollars per day. This article also describes the outstanding points of Saudi Arabia which lure foreign countries to conduct close and strong relationship. This article also describes various concerted marketing strategies which are required to increase export of various commodities to Saudi Arabia. The ongoing reforms, liberalization and globalisation require that Thailand must expand its exports to the global market rapidly, especially rich markets like Saudi Arabia. Recently Saudi Arabia has acquired the full

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[43] Kasikorn Research Center (Thai language), *Restoration of Thai-Saudi Arabia relationship*, 10th No. 1581, Kasikorn Research Center Co., Ltd, Bangkok, 2004

fledged membership of the World Trade Organisation (WTO). Therefore, Saudi Arabia's trade policies are being guided by WTO rules and regulations in their trade as well as other economic policies. This implies that all tariff barriers are going to be gradually eliminated in Saudi Arabia. The discrimination against foreign business will also have to be removed. And the foreign business will have same footing as the domestic business in Saudi Arabia. Therefore, it is urgent commitment for Thailand to devise strategies fore improving market share and business engagement with Saudi Arabia. This article is very beneficial for this study in terms of Thailand-Saudi Arabia relations. Nevertheless, details and clear discussion on subjects such as business law and regulation of the two countries need to be delineated.

Sarasin Viraphol[44], in his paper, "*Directions in Thai Foreign Policy*" deals with the nature of the problems of Thailand's foreign policy which outlines the foreign policy of coalition government of the M.R. Kukrit Pramoj period. This government pursued an independent policy taking into account national interests that are based on economic and security considerations. Backgrounds to trends in Thai foreign policy are comprehensively traced in the next part. Bilateral relations namely, Thai-

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[44] Sarasin Viraphol, *Directions in Thai Foreign Policy*, Occasional Paper No.40, Institute of Southeast Asian Studies. Cluny Road, Singapore 10.

Chinese relations, Thai-Soviet relations, Thai-U.S. relations, Thai-Japanese relations, relations with the Indochina states and Thai-ASEAN relations are all comprehensively discussed in this paper. Besides, this paper also discusses Thailand's foreign policy which is firmly based on national interests and therefore subject to flexibility. Thailand can not escape herself from the fact that it is a small nation living in a region where great powers have previously exerted considerable influence. With its limited powers Thailand has been trying to order its relations with neighbouring states, especially those with different ideological pasts and existing differences. The ultimate goal is of course to minimize any external influence and to strengthen bilateral relations with fellow Southeast Asian states so as to increase the bargaining position of the region. The basic adjustment of Thailand's foreign policy and the ultimate outcome of Thailand's relations with the major powers are also studied. This book is quite helpful and gives important ideas on the background of Thailand's foreign policy and its development and diplomatic effort to solve various issues but needs to be updated. Moreover, this paper dose not deal with Thailand's foreign policy with G.C.C. countries.

Corrine Phuangkasem[45], in his book entitled "*Thailand's Foreign Relations*", 1964-80 deals with Thailand's foreign relation specially Thailand's relations with other ASEAN countries. Thailand has always maintained good relations with its neighbours marked by co-operation rather than conflict. This book also describes the Thailand's diplomatic roles as a mediator in their disputes such as many attempts made to restore relations between Malaysia and Indonesia whose diplomatic relations were suspended in 1963. Thailand also has strong trade links with its neighbours. Most of them import rice from Thailand while the latter imports fuel and manufactured goods in return. Thailand also plays an active role to promote economic development and cooperation among ASEAN members which aim to cooperate through joint endeavour in the areas of trade, agriculture, industry and communication. Agreement on ASEAN Preferential Trading Arrangements (PTA) is also discussed. Besides, the author puts an attempt to discuss the role of ASEAN to conduct joint economic bargaining with external parties such as the EEC (European Economic Community), Japan, Australia, and New Zealand. Incidentally, various conflicts between Malaysia and Thailand like violation of national borders and territorial

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[45] Corrine Phuangkasem, *Thailand's Foreign Relations*, 1964-80 Institute of Southeast Asian Studies, Occasional Papers No 74, printed in Singapore by Richard Clay.

waters and the strategic diplomacy to solve these have also been comprehensively discussed. Despite this, the above book is not directly associated with Thailand's economic diplomacy but it provides massive contribution for this study, particularly in terms of the historical background of Thailand's foreign policy, its revolution and the strategic diplomatic efforts to solve the various concerns. Of course, this kind of study must be updated due to the inevitable change of foreign policy strategies of Thailand.

Girijesh Pant[46], in his article, "*Strategic Partners in Building Knowledge Economy*", deals with emerging knowledge economy which is reconfiguration in the nature of resource endowment and comparative-competitive advantages among countries. According to the author, workers at all levels in the 21st century knowledge society will need to be life-long learners, adapting continuously to changed opportunities, work practices, business models and forms of economic and social organization. The knowledge deficit of the Gulf region as underlined by the Arab Human Development Report cannot be met unless the region plans for capacities beyond skill formation and towards creative processes. The Gulf region needs to develop a knowledge generating culture. At the present stage of

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[46] Girijesh Pant, *Strategic Partners in Building Knowledge Economy*, G.C.C-India Research Bulletin, Issue 2, June 2006

Gulf development, this needs to be built at three steps, namely local skills and training centers; developing regional infrastructure; partnership with a dynamic research and development economy. It can be said that India could be the strategic partner in developing the knowledge economy of the Gulf countries because it enjoys twin advantages; of having a past association of shared knowledge heritage with cultural compatibility, and of having global research and development platform as demonstrated by the fact that about 100 multinational corporations have already set up research and development centres in India, leading to the deepening of technological and innovative capabilities among Indian firms. The India-Gulf partnership towards knowledge generating processes means engagement not merely at the level of knowledge trading, but of developing joint patents at the level of creativity itself. This article is beneficial for my work because it gives various information and background of ongoing economic situation and the prospects in developing the knowledge economy which register a strategic partnership with India. Nevertheless, India's strategic policy for building knowledge economy should be clearly comprehensive and competitive because not only India is looking forward to take part in new emerging knowledge economy, but in developed countries also. Therefore, this tough competition can be overcome by allowing the long-lasting strategic partnership with G.C.C. to take place.

Nat Sekouti[47], in his paper, "*How to export Goods and Services to Kuwait*" deals with the introduction and basic information of Kuwaiti economy. The factors which herald growth in Kuwaiti economy are also discussed. The most important part of this book which provides massive information would be quite helpful to Thai exporters. According to the author, the tips for the Thai exporters are as follows:

1. Selecting the best search engine on the internet.
2. Contacts with related Ministries and authorities.
3. Thai exporters are requested to support Chambers of Commerce and Business Associations to undertake market surveys and studies, as well as sending trade and service delegations to the region.
4. The Royal Thai Embassy in Kuwait should provide good services to Thai exports in terms of arranging trade fairs and shows, business forum, business information, business appointments and meetings, handling trade disputes, business briefing and counselling, and many other services.

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[47] Nat Sekouti, *How to export Goods and Services to Kuwait*, Department of Export Promotion. E-mail: n_sekouti@yahoo.com, 2004

5. Trade Fairs should be massive campaign for Thai exporters.
6. Initial business contacts.

Not only that this paper provides a big advantage and good guidance for Thai businessmen doing or expecting to do business in Kuwait, but it gives a massive contribution for this study also. Kuwait's trade policies and law and business regulations keep changing due to the internal and external circumstances. Therefore, this study should be updated in order to herald latest guiding and market strategies for Thai businessmen, trader or research scholars in the associated field.

"International Labour Migration and Remittances[48]: Experience in Thailand"; from Expert Group Meeting on Remittance from International Labour Migration deals with the migration patterns from Thailand. Migration trends in Thailand started in 1975 when just less than a thousand workers left to take up contract employment. Since then the number showed steady increase. According to this paper, large-scale migration of workers from Thailand was occasioned by the demand generated in the oil-exporting countries, G.C.C. in particular for expatriate labour for implementing those countries's development plans and programmes. The largest proportion (80 percent) of Thai workers went

48 *International Labour Migration and Remittances: Experience in Thailand*; from Expert Group Meeting on Remittance from International Labour Migration, Development Planning Division, Bangkok, 1985

to Saudi Arabia. Moreover, profile of Thai migrant workers is comprehensively studied. Worker migrating from Thailand are almost entirely male. Most of them are in the 26-35 years age bracket since there is a tendency for these migrant workers to be drawn from younger groups of the labour force. This paper also shows a major survey in 1981 by the Wage and Employment Planning Section, Division of Population and Manpower Planning, the National Economic and Social Development Board (NESBD) collected a variety of information on the characteristics of three groups of persons: those who had been migrant workers to the West Asia, those who were in the process of leaving for West Asia, and those who did not plan to take up employment abroad. Methods of acquiring the job and wage and expectations were also explained in this paper. This paper also deals with remittances and their utilization such as size of remittance flows, methods of sending remittances and related problems, impact of remittances. Besides, institutional arrangements and government policies in regard to migration and remittances are also clearly discussed in this paper. Undeniably, this paper provides a lot of contribution to this study, in case of background of Thai migrant labour, impact of remittances and so on. Nevertheless, trends in migration are considerably dynamic, so this study should be updated whether discussion on arrangement and government policies in regard to migration and all associated issues.

Chalonghob Sussangkarn and Yongyuth Chalamwong[49], in their paper "*Development Strategies and Their Impacts on Labour Market and Migration": Thai Case Study*" deals with the background of migrant workers, especially in the rural area which registers a large portion. The factors influencing them to move out of agriculture is comprehensively studied. This paper also describes the general trend of flow of labour across national boundaries which is an age-old phenomenon and one which generally has had a major contribution to rising incomes, economic development, as well as personal well-being. These flows vary in size and composition, and are subject to various legal and institutional settings, often with significant economic and political repercussions. The factors behind the massive requirement of foreign labour forces in Gulf countries are also discussed. The statistical data of Thai workers going abroad, by country of destination are also provided. It has been widely accepted that the official international figures for contract-labour migrants from Thailand complied by the Department of Labour are considerably under estimated. This is due to the fact that large numbers of workers are sent illegally by unregistered employment agencies. From this paper, it is clear that the major geographical destinations of Thai workers are the West Asia, Africa, ASEAN and other Asian countries. In late 1980s, the great

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49 Chalonghob Sussangkarn and Yongyuth Chalamwong, *Development Strategies and Their Impacts on Labour Market and Migration: Thai Case Study*, Thailand Development Research Institues. 1994

majority of these international labour flows were channeled to the West Asian countries, particularly Saudi Arabia. However, the share of the West Asian countries has been continually declining. In 1992, ASEAN and other Asian countries had overtaken the West Asian oil exporting countries as the main destination of Thai contract workers. This shift can be attributed to the weak oil price which substantially affected the earnings of the West Asian countries, and also diplomatic difficulties between Thailand and Saudi Arabia. On the other hand, the demand for Thai workers in Asia has been consistently increasing. Moreover, legal framework and policy to protect Thai workers from harsh conditions overseas, breach of contract between employer and employee, as well as fraud from labour-recruiting agencies are also discussed in this paper. The authors also put an attempt to describe the considerable amount of remittances and its impact. The conditions of foreign workers in Thailand are also dealt in this paper. This paper is very helpful for this study, especially in fifth chapter. As the Thailand's labour export keeps changing because of various circumstances, this study needs to be updated.

Chapterization

The present study of Thai- G.C.C. countries Economic Diplomacy comprises the following 6 chapters.

1. Introduction

This chapter would deal with a brief importance of economic diplomacy and its importance and evolution and also draw economic history of the two regions Thailand and G.C.C. countries. Initially, it would underline the general aspects of economy of two regions. An attempt has been made to draw hypothesis, significance of study, objective, methodology, literature review and chapterization, all of them draw a clear framework of the study.

2. Economic Diplomacy: Thai and G.C.C countries.

This chapter is absolutely devoted to the review of theoretical and empirical studies on the details of diplomacy such as general purposes of economic diplomacy, what is the direct and indirect impact of diplomacy and what is the direct and indirect role of diplomacy namely, various role of economic diplomacy to convince other countries and finally bring interest to the countries. An attempt also has been made to discuss the role of diplomacy on trade and diplomacy in the field of economic sanction. This chapter also is to cover general views of Thai diplomacy and various aspects of the present foreign economic policy of Thailand and its future prospects. Besides, G.C.C. countries data associated with cooperation with Thailand in various areas are also drawn such as establishment of the diplomatic relation between two regions, foreign direct investment (FDI), various assistances provided by G.C.C. countries, cultural and traditional cooperation, tourism and medical tourism and bilateral visits etc.

3. *Thailand's strategies in G.C.C market.*

This chapter would go deeply into the details of Thailand strategy towards G.C.C market. The importance of Thai strategy in G.C.C market lies not only in creating the plan to improve the existing volume of trade but also to generate new export opportunities for capital goods, exports of raw materials, semi-processed manufactured commodities, spare parts and components etc. The statistical data for volume of exports and commodity composition would be analysed and the competitors of Thailand's export in G.C.C market would be also examined.

4. Thai market and G.C.C countries.

This chapter would mostly deal with G.C.C exports to Thailand market. Thailand's import from G.C.C countries will be studied. And balance sheet of the two regions would also be discussed and the factors responsible for massive deficit in Thailand's trade balance would also be examined.

5. Thailand's strategies in G.C.C labour market.

This chapter would deal with Thai's strategy in G.C.C labour market. It is considered that G.C.C labour market has long attracted Thai labour both skilled and unskilled. After 1973 sky-rocketing of oil prices, large number of Thais moved to G.C.C countries to provide both skilled and unskilled labours for the new industries. The factors influencing the number of Thai labour fluctuation, the Thai labour condition there and the impact of their remittances for their village and country are also discussed in this chapter.

6. Summary and conclusion

This chapter would provide the summary of the main findings of the study and draw conclusion for effective economic diplomacy implications.

CHAPTER 2

Chapter 2

Economic Diplomacy: Thailand and G.C.C.Countries

DIPLOMACY dominates a significant area in the present context of international affairs. Diplomatic practice among the state is as old as the history of human civilization. Modern world has formulated many principles and policies that are to regulate the diplomatic practices among the state. It plays a very significant role in the success and strength of a state. From the beginning of human civilization, when one group of men wished to come to some kind of arrangement with another group so as to avoid the use of force, diplomacy has come into existence. That is why, Sir Harold Nicholson, in his most scholarly work ***Diplomacy*** remarks, "diplomacy, in the sense of ordered conduct of relations between one group of human beings and another group strange to themselves, is far older than history".[1] In other words, diplomacy is relatively concerned with the management of relations between states and between states and other actors. From a state perspective diplomacy is concerned with implementing, advising, shaping foreign policy. As such it is the means by which states through their formal and other representatives, as well as

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[1] Bharati Mukherjee, *Kautilya's concept of Diplomacy* ,T.K. Mukherjee on behalf of Minerva Associates, Calcatta, 1976, p. 1

other actors, articulate, coordinate and secure particular or wider interests, using correspondence, private talks, exchanges of view, lobbying, visits, threats and other related activities. Furthermore, diplomacy may be undertaken by officials from a wide range of other ministries or agencies with their foreign counterparts, reflecting its technical content; between officials from different international organisations such as the International Monetary Fund (IMF) and the United Nations (UN) Secretariat, or involve foreign corporations and a host government.[2]

Diplomacy is the art and practice of conducting negotiations between representatives of groups or states. It usually refers to international diplomacy, the conduct of international relations through the intercession of professional diplomats with regard to issues of peace-making, trade, war, economics and culture. International treaties are usually negotiated by diplomats prior to the endorsement by national politicians[3].The best definition of diplomacy, perhaps has been given by Oxford English Dictionary: "Diplomacy is the profession, activity, or skill of managing international relations: skill and tact in dealing with people"[4]. In fact, diplomacy embraces the totality of the complex methodology that guides a state's activities with others touching all aspects, say, power,

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2 R.P. Barston, *Modern Diplomacy,* Longman Inc, UK, 1988, p.1

3 Viewed at http://en.wikipedia.org/wiki/Diplomat

4 Catherine Soanes, Angus Stevenson,*Concise Oxford English Dictionary*, Oxford University Press, 2006, P 405.

politics, economic understanding, commercial interests, cultural aspects or ideological standpoints. So it is to remember that the main point in diplomacy is not the object of negotiations but the manner in which such negotiation are conducted in order to get a result. It is the means of obtaining the maximum national advantage with the minimum of friction and resentment and as such it is an essential element in any reasonable relation between nation and nation. Nevertheless, there are many who use the two terms "foreign policy" and "diplomacy" in an interchangeable manner. While recognizing the close interconnections between foreign policy and diplomacy, it is appropriate to separate the two. The classic way of looking at the distinction is that in a democracy, the Cabinet representing the political leadership determines foreign policy, and is answerable to Parliament. The Foreign Service civil servants implement this policy through the diplomatic apparatus, of which they are part. In practice, the process of implementing a set policy through diplomacy affects the content of the policy. Diplomats, as civil servants operating under political control, and theoretically not the determinants of foreign policy, provide inputs that lead to the framing or modification of the policy.[5]

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[5] Kishan S. Rana, *Inside Diplomacy*, Manas Publications, New Delhi,2000,p. 25

All states conduct some of the foreign policy ambitions and objectives for their stability, security, and prosperity. The foreign policy of a country at any given period is the end product of its response to the prevailing socio-economic and political challenges whether in domestic or external environment. The people who shape foreign policy do not care much about economic history. To them, the important stuff is politics: the careers of politicians, the ebb and flow of political movements and parties. They are wrong: it is impossible to develop foreign policy without knowing about international trade and finance- where the money is and how it got there. Indeed, political history makes little sense without some knowledge of financial and economic history.[6] The picture of international negotiations in the economic area gives the impression of a highly fragmented and chaotic activity where thousands of actors-banks, companies, government agencies, individuals- daily make deals that then establish prices on goods and services, interest rates on loans and credits, and thus set the conditions for the functioning of world markets. Different types of talks take place, involving various kinds of negotiators: bilateral and multilateral, company- to- company, government- to- government, and government- to- company; well established and institutionalized negotiations, such as World Trade Organization (WTO) talks or sessions of

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6 R.T. Naylor, *Economic Warfare*, Northeastern University Press, U.S., p 7

the United Nations Conference on Trade and Development, and sporadic, one-shot meetings, sometimes with a wide agenda of "economic cooperation" and sometimes with only one single item on the agenda. In some sense, the whole world market is one big negotiation, since there is no other way to make deals on the market than with the help of bargaining.[7]Therefore, economic forces play a dominant role in the formulation of country's foreign policy. Of course, foreign economic policy of any country is that part of the government policy which closely witnesses and develops its economic relations with the rest of the world to achieve its national interests and requirements on the one hand and to respond to economic developments in the world in accordance with the country's overall economic and other objectives on the other. Economic diplomacy provides the engine that drives the economic and security train of the free world.[8] Economic obligations compel nations to integrate in spite of any constraints. Its magnitude of economic strength and its ability to force a nation to compromise has been and it will continue to be used as an instrument in seeking allies and fostering the political strength and economic stability in friendly countries. Economic diplomacy could be defined as the exercise, manipulation and utilisation of economic power

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7 Victor Kremenyuk and Gurnnar Sjustedt, International Economic Negotiation: Model versus Reality, Edward Elgar Publication UK. 2000 p 5

8 Diane B. Kunz, *Butter and Guns Americans Cold War Economic Diplomacy*, A division of Simon&Schuster Inc, New York, 1997, p. 2

and resources as a diplomatic instrument to achieve the targets set in the overall strategy of the foreign policy of a country. Economic diplomacy usually dominates cases where a relatively more developed country shares her experience and expertise with a less developed country for creating mutual benefits.[9]The aim of any country's foreign policy, both in the political, economic and other fields is to promote its national interests in the context of international relations while, at the same time, ensuring the legitimate national interests of other countries. Therefore, economic foreign policy must be a single pursuit of what it is considered to be own national interest, so that the aspirations of our people to lead a fuller life in social justice, equality, peace and freedom, can be more expeditiously achieved and, at the same time, promote the national interests of our neighbours as well as other countries. Policy of non-alignment in the political field has also its bearing on foreign economic policy. States cannot be non-aligned politically and yet be aligned economically. Some countries which had tried to separate economics from politics had to bear the strains of this dichotomy and faced difficulties. We should not, therefore, be under any illusion that foreign political policy will not have

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9 Ajay N. Jha, , *India's Economic Diplomacy In the Gulf*, ABC Publishing House, New Delhi. 1988 p. 2

an impact on foreign economic policy or vice versa. It is essential that the two should be coordinated and not work at cross-purposes.[10]

TASKS OF DIPLOMACY

The work of diplomacy can be broadly classified into following areas, within which there are a number of subdivisions.

1. Representation, including presentation of credentials, protocol and participation in the diplomatic circuit of the national capital or institution, is considered of great significance in diplomacy. This also includes all the classic tasks of negotiations, persuasion and contact building, through embassies and other outlets at bilateral, trilateral, and multilateral levels. It also includes other external activities, such as business promotion and investment mobilization; media links and image projection; science and technology, education and cultural exchanges; as well as contacts with foreign constituencies like NGOs, and any others who are relevant to promoting the country's external interests.[11]
2. Diplomacy contributes to order and orderly change. As Adam Watson suggests: 'the central task of diplomacy is not just the

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10 T.N. Kaul, *Ambassadors Need Not Lie*, Lancer International, New Delhi, 1988, p. 164

11 Opcit. 5 p.28

management of order, but the management of change, and the maintenance by continued persuasion of order in the midst of change.[12] The converse of this can also of course be put in that diplomacy may be a vehicle for the continuation of a dispute or conflict. In other words differing state and non-state interests and the absence of generally accepted norms concerning local, regional or international order produce quite substantial differences between parties, in which diplomacy through direct initiatives or third parties simply cannot provide bridging solutions.

3. The function of acting a listening post is also important. Next to substantive representation embassy, if it is functioning correctly, should identify key issues and domestic or external patterns which are emerging, together with their implications, in order to advise or warn the sending government. As Humphrey Trevelyan notes, '... apart from negotiating, the ambassador's basic task is to report on the political, economic and social conditions in the country in which he is living, on the policy of its government and on his conversations with political leaders,

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12 Adam Watson, *Diplomacy: The Dialogue Between States*, Methuen, London, 1984, p. 223

officials and anyone else who has illuminated the local scene for him.[13]

4. Function of diplomacy is to prepare the fundamental factors for a policy.
5. In the event the conflict, diplomacy is obliged with reducing friction of bilateral or multilateral relations.

Finally, at a more general level, an important function of diplomacy is the creation, drafting and amendment of a wide body of international rules of a normative and regulatory kind that provide structure in the international system. Sir Harold Nicolson quoted Sir Edward Grey as saying that the aim of diplomacy is to enlarge the area of confidence. This should not be interpreted as implying that the ambassador should consider the improvement of relations as of greater importance than the promotion of his country's interests. He is only concerned to improve relations if the improvement serves those interests. It is not a compliment to the ambassador to say that relations have improved while he has been in the post. The improvement can only have arisen from the coincidental convergence of the two countries's interests, though the manner of handling relations by the governments and their ambassadors has its effect for better or worse. It may be the duty of an ambassador to make relations

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13 Humphrey Trevelyan, *Diplomatic Channels*, Macmillan, London, 1973,p. 85

worse, in order to further an interest of his own government which is not the interest of the other.[14]

Economic Diplomacy and trade.

Economic diplomacy is concerned with international economic issues. In principle, this should simplify the analysis. But it is becoming increasingly difficult to draw any clear distinction between what is domestic and what is international. The growth of economic interdependence since 1950s, which has accelerated in recent years, means that what was previously considered to be domestic is subject to international negotiations. But increased economic interdependence (globalization) has put an end to such tidy distinctions between what is national and what is international policy. The implication of this process for economic diplomacy is to make it much more complex, covering more and more issues and including more and more actors[15]. A distinctive feature of economic diplomacy, as opposed to political diplomacy, is that it is sensitive to market development. Increased economic integration has made markets for production and investment global, with the result that

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14 Ibid.p 55

15 Nicholas Bayne and Stephen Woolcock, *The New Economic Diplomacy: Decision-making and negotiation in Economic relations*:-(The G8 and global governance series), Ashgate Publishing Limited, England, 2003,p7.

virtually any national regulatory policy could have an impact on the relative competitiveness of different location. Market developments will thus shape the actors involved in any issue, influence the renegotiating positions and possibly offer alternatives to a negotiated solution. This means economic diplomacy will only succeed if the market does not offer a ready alternative acceptable to one side. Markets can also punish national policies which are not in line with market expectations[16].

In the past, individuals probably played a more important role in economic diplomacy, because the number of people involved was smaller and the issues less complex, so that an individual might be expected to have some sway over negotiations. But in economic diplomacy in this century one must expect individuals to play a smaller role because of the greater number of actors involved and the greater complexity of the subjects. However, individuals may play a role in certain instances, especially when the person concerned has considerable power[17].

Trade has for long been an important aspect of the relations between countries. In the post-Cold War period it has become even more so with geo-economics and globalization casting a shadow on geopolitics

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16 Ibid, p 8.

17 Ibid, p 31.

and the role of political ideology in international relations[18]. In the age of globalization, the economic interdependence of the economies of the world primarily through the movement of capital in various forms has intensified. That movement of capital consists of the following: trade in bonds and equities; currency transactions, cross-border bank lending, foreign direct investment (FDI) and the capital transactions carried out from trade in goods and services. Globalization means that these flows of capital can occur more or less in unimpeded fashion: that is, there are no major barriers. This in turn arises from the fact that in the 1990s, most trading nations have fully or partially abolished those means of control that would have inhibited the process.[19] Trade has traditionally been a concern of economic diplomacy. Economic diplomacy is sometime used as a synonym for trade diplomacy- the negotiation of trade agreements in bilateral, regional or multilateral context[20]. Trade interests and trade policies are generally part of the central preoccupations of most states. It can not be unacceptable that international trade is an ambassador for goodwill. For example, the relation between US and Brazil have been most friendly, the reasons are varied, but the most important one can probably

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18 Sanjaya Baru, *Strategic Consequences of India's Economic performance*, Academic Foundation New Delhi, 2006, p. 330

19 Philippe Regnier and Daniel Warner, *Japan and Multilateral Diplomacy*, Ashgate Publishing Company Burlington,2001,p. 65

20 Opcit. 15, p7

describe into a single word is "COFFEE".[21] Ideally, trade policy and foreign policy should support each other, in the same way that defence and foreign policy have a mutually supportive relationship. Yet trade policy, rather more than defence has tended to pull in divergent directions from foreign policy, unless, as is sometimes the case, economic issues dominate external policy. As a result an additional task for diplomacy is dealing with external problems arising from the consequence of differing lines of external policy. Divergency between trade and foreign policy can sometimes arise from the practice of having separate diplomatic and trade missions, reflecting the tendency to treat the political and economic aspects of foreign policy separately. Trade and foreign policy may also diverge because of demands made by established trade interests within states.[22]Trade interests may be acquired for a number of reasons such as long-standing commercial links, entrepreneurial exploitation of overseas markets or successful domestic lobbying as in the case of European, Japanese or US farming interests. Such interests which either tacitly or formally become part of trade policy may create strains or ambiguity in foreign policy, for example the Taiwan lobby in the US, or demand for changes in foreign policy, such as calls for the ending of sanctions against

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21 Thomas A. Bailey, *The Art of Diplomacy: The American Experience*, Division of Meredith Corporation,1968, p. 105

22 Lyon Endicott, *Diplomacy and Enterprise: British China Policy*, Manchester University Press Manchester. 1979

the Soviet Union by US grain farmers. Put differently, foreign policy decision-makers may consider that particular trade interests incompatible with foreign policy, for example the US Government's attitude to oil operations by Chevron in Angola. It is not surprising that the international politics of trade have come to reflect many fundamentally different conceptions of international trade order. The paradoxes and contradictions in national ideas and practice, however, render any attempt at individual classification unprofitable. However, the 1970s were dominated by two broad themes. In the first place there are the attempts to reach multilateral agreements on tariff reductions and codes to regulate restrictive practices. The second is the North—South conflict over economic redistribution and the corresponding efforts to change international institutions. In pursuit of the latter, developing countries sought multilateral rule changes on the basis of the NIEO and called for global negotiations. Yet by the early 1980s, the results of nearly a decade of intensive multilateral diplomacy, at least within the UNCTAD context, were at best limited to the objective of redistribution and revision of international institutions.[23]

23 Opcit. 2 p. 160

Diplomacy and the Economic Sanctions.

In international relations, a sanction is an action designed to control the conduct of a group or country. They usually take the form of a threat of possible punitive action against a specific nation for conduct viewed as dangerous[24]. Economic sanction is a general term for a penalty that is implemented for the aim of enforcing compliance with international law or to force a nation to change its policies. In other words, it is the imposition of international economic boycotts and embargoes. The term can also be used in domestic conflicts to refer to labor strikes and economic boycotts, shutdowns, and intervention[25]. **Economic sanctions** are domestic penalties applied by one country (or group of countries) on another for a variety of reasons. Economic sanctions include, but are not limited to, tariffs, trade barriers, import duties, and import or export quotas.

Economic sanctions are frequently retaliatory in nature. For example, in 2002 the United States placed import tariffs on steel in an effort to protect its industry from more efficient foreign producers, such as China and Russia. The World Trade Organization (WTO) ruled that these tariffs were illegal. The European Union threatened retaliatory tariffs on a

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24 Viewed at http://homeworktips.about.com/od/politicalscience/f/sanctions.htm

25 The Albert Einstein Institution , viewed at http://www.fiu.edu/~fcf/glossary.html

range of US goods, forcing the US government to remove the steel tariffs in early 2004. Economic sanctions frequently result in trade wars. The World Trade Organization is the world governing body for trade disputes.

Economic sanctions are not always imposed because of economic circumstances. For example, on May 13th 1998, the United States and Japan imposed economic sanctions on India, following its second round of nuclear tests. The United States has imposed economic sanctions on Iran for years, stating Iran's "state sponsor of terrorism" as its main reason[26]. United Nations sanctions against Iraq were imposed by the United Nations and the United States in 1990 following Iraq's invasion of Kuwait in 1990, and continued until the US-led invasion of Iraq in 2003. They were perhaps the toughest, most comprehensive sanctions in history, and have caused much controversy over the humanitarian impact, culminating with two senior UN representatives in Iraq resigning in protest of the sanctions[27].It is now clear that comprehensive economic sanctions in Iraq have hurt large numbers of innocent civilians not only by limiting the availability of food and medicines, but also by disrupting the whole economy, impoverishing Iraqi citizens and depriving them of essential income, and reducing the national capacity of water treatment, electrical

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26 Veiwed at http://en.wikipedia.org/wiki/Economic_sanctions

27 Veiwed at http://en.wikipedia.org/wiki/Iraq_sanctions

systems and other infrastructure critical for health and life. People in Iraq have died in large numbers[28].

Unilateral economic sanctions are a blunt instrument of diplomacy. They have never worked, according to a comprehensive study of economic sanctions undertaken by the Washington DC based think tank, the Institute of International Economics. For economic sanction to be effective, they must be truly international, backed by multilateral financial institutions. If a tiny country like Cuba has survived massive economic sanctions imposed over a 40 year period by a neighbour which is an economic superpower, there is pretty little India can do on its own to discipline a country of the size of Pakistan[29].

The Arab economic boycott of Israel had been an attempt by Arab states to isolate Israel economically. Arab boycotts of Jewish interests started as early as 1921.[30]It was officially declared by the Arab League Council on December 2, 1945: "Jewish products and manufactured goods shall be considered undesirable to the Arab countries." All Arab "institutions, organizations, merchants, commission agents and individuals" were called upon "to refuse to deal in, distribute, or consume

28 Veiwed at http://www.globalpolicy.org/security/sanction/iraq1/2002/paper.htm#2

29 Opcit. 18 p. 174

30 Viewed at http://www.diverstmentwatch. com/antiboycottlaw.htm

Zionist products or manufactured goods.[31]" Officially, the boycott covered three areas:

- Products and services which originate in Israel (referred to as the primary boycott and still enforced in many Arab states)
- Businesses that operate in Israel (the secondary boycott)
- Businesses which have relationships with other businesses trading in Israel (the tertiary boycott)[32]

It can be more appropriately described that as the world turns into globalisation, economic sanctions are increasingly used as "a tool for coercing target governments into particular avenues of response but there is no guarantee that they would succeed.

Thailand's International Economic Policy.

In Thailand the Government is duty bound to conduct a foreign policy to serve the highest interests of the country and the people, by playing a proactive role in enhancing cooperation and expanding cordial relations with all countries, in political, security, economic, social and cultural aspects; upholding Thailand's existing international commitments through various treaties and agreements to which it is party;

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[31] Viewed at http://www.jewishvirtuallibrary.org/jsource/History/Arab_boycott.html

[32] Viewed at http://en.wikipedia.org/wiki/Economic_and_polical_boycotts_of_Israel

and abiding by its obligations under international law, the United Nations Charter and the Universal Declaration of Human Rights, while building immunity and developing all sectors of the Thai economy to benefit from international economic relations, and shall continue with the "Team Thailand" policy so that the conduct of foreign affairs will be efficient, effective and concerted, through the following measures:

1.1 Promote and develop relations with neighbouring countries by expanding cooperation at the levels of government, the private sector, the public and the media, to enhance mutual understanding and closeness, which would lead to increased economic cooperation in trade, investment, tourism promotion, and transport and communications and other areas, under such subregional frameworks as the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS); the Greater Mekong Subregion (GMS) economic cooperation framework; the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT); and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)[33].

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[33] Bay of Bengal Initiative for MultiSectoral Technical and Economic Cooperation (BIMSTEC) is an international organisation involving a group of countries in South Asia and South East Asia. The member countries of this group are: Bangladesh, India, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal. Viewed more at http://en.wikipedia.org/wiki/BIMSTEC

1.2 Promote cooperation with countries in Asia, the Asia Cooperation Dialogue (ACD), and enhance Thailand's role in strengthening ASEAN[34] to realize the goal of creating an ASEAN Community, and raise the profile of ASEAN in international forums during Thailand's chairmanship of ASEAN.

1.3 Play a constructive role in international organizations, in particular the United Nations and other regional organizations, in order to maintain peace and security, promote the democratic process, human rights and humanity, and cooperate in addressing all facets of transnational problems that affect human security.

1.4 Strengthen cooperation and strategic partnership with countries and groups of countries that play important roles in world affairs; establish free trade agreements, both multilaterally and bilaterally, for the highest aggregate benefit to the country; create mechanisms to help operators adapt to and benefit from such free trade agreements.

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[34] The Association of Southeast Asian Nations or ASEAN was established on 8 August 1967 in Bangkok by the five original Member Countries, namely, Indonesia, Malaysia, Philippines, Singapore, and Thailand. Brunei Darussalam joined on 8 January 1984, Vietnam on 28 July 1995, Lao PDR and Myanmar on 23 July 1997, and Cambodia on 30 April 1999. View more at http://www.aseansec.org/64.htm

1.5 Conduct proactive diplomacy for the people, culture and education, including people-to-people exchanges with foreign countries, promoting technical cooperation with developing countries, and coordination of close cooperation to enhance understanding with other religious organizations.

1.6 Protect the interests of and look after Thais and Thai workers abroad, in particular Thais who work and reside in foreign countries; promote the role of Thai communities abroad in preserving Thai identity and Thainess[35].

Thailand's economic diplomacy in G.C.C. countries.

Generally, Thailand has been content for a unique position in Southeast Asia as being the only country to have successfully combated with colonialism. The most important factor to this achievement is registered on its diplomatic culture, which is taken root in the nation's history of friendly relationship with other countries for nearly a thousand year. In this context Russell H. Fifield stated that " its independence was attributable both to the skillful diplomacy of some of its leaders in adjusting to new international situations and to the policy of Great Britain and France who preferred to keep the kingdom as a buffer state between

35 Policy Statement of the Government of Mr. Samak Sundaravej, Prime Minister, to the National Assembly Monday 18th February 2008, viewed at http://www.mfa.go.th/web/2695.php

their colonial domains. In defense of the national interest the Thais have been opportunistic in the formulation of their foreign policy. Nevertheless, an official has significantly said we Thai bend like the bamboo but we do not break[36]. This is amply evident from the Section 74 of chapter 5 of the 1997 Constitution, which merely stipulates that the state shall promote friendly relations with other countries and adopt the principle of non-discrimination[37]. The diplomacy of Thailand has remained dynamic. It has had to adjust and readjust its priorities from time to time in response to the changing international scenario. The determination of diplomacy and foreign policy of Thailand has been effected by both internal and external factors. However, it will not be denied to describe that it has been determined more by external than internal factors. Thailand still maintains its unique nature of bending with the wind like a bamboo in the sense that it had remained flexible. This could perhaps be so because of the dominant rule which is reflected in the statement quoted thus, in politics there are no permanent friends or enemies, and prevailing conditions are the proper course of action to be taken. Unsurprisingly, Thailand seems to be less obsessed with the question of morality in international politics, and more

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36 Russell H. Fifield, The Diplomacy of Southeast Asia: 1945-1958 (New York: Harper& Brohters, 1958) p 230

37 Constitution of the Kingdom of Thailand, as cited in the Government Gazette, Vol. 114, Part 55a, dated 11th October B.E. 2540 (1997), p 22

concerned with the art of survival[38]. Thailand's foreign policy is firmly predicated on national interest, and therefore subject to flexibility. Thailand can not escape from the fact that it is but a small nation living in a region where great powers have previously exerted considerable influence. With its limited resources at hand, the country must interact with the outside powers, while trying to order its relations with neighboring states, especially those with different ideologies and past and existing differences. The ultimate goal is of course to minimize the external influence and to strengthen bilateral relations with fellow Southeast Asian states so as to increase the bargaining position of the region. In addition, Thailand has to tackle the various constraints in its foreign policy which are derived partly from the democratic experiment now being conducted. This is a difficult time for Thai diplomacy, and passing the test will demonstrate Thailand's national resilience[39]. Undeniably, Thailand nowadays is hectic on managing and adjusting to meet interest in regional cooperation with her neighboring countries within the framework of ASEAN and of course, another massive and rich region like G.C.C. countries which established Look East Policy would effectively correlate with the Look West Policy of Thailand. Energy is at the essence of the

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38 Sarasin Viraphol, *Direction in Thai Foreign Policy*(Singapore: Institute of Southeast Asian Studies),1976,p. 58

39 Ibid, p 60

Thailand-G.C.C. economic relationship, but it is not the sum of it. Non-energy bilateral trade between Thailand and the G.C.C. countries has continuously been on the massive growth. In fact, massive increase of oil price in global market have further enhanced growth in the G.C.C. economies, it is potentially established into a massively growing demand for imports thus creating an increasingly attractive market for Thailand businesses. A brief survey of Thailand diplomatic relation with G.C.C. countries are as follows:,

Thailand and Bahrain relation.

Thailand and Bahrain established diplomatic relations on 17 January 1977 (before the establishment of Gulf Corporation Council in 1981). Initially, Thailand's Embassy in Riyadh (Saudi Arabia) was in charge of Thailand's related Bahraini affairs. After that, due to the resolution approved by Thai's cabinet on 12 December 1989, Bahraini affairs were transferred under the supervision of Royal Thai's Embassy in Kuwait. On 13 February 2004, Thailand's Minister of Foreign Affairs presided over the inauguration of Royal Thai Embassy at Manama city (Bahrain). Their relations can obviously be described as cordial between the two countries and has never been frozen or disrupted either by politics or economics. This relationship has been reinforced by increasing economic and commercial links, exchanges of high-level visits on both sides.

The Governments of the Kingdom of Thailand and the Kingdom of Bahrain, hereinafter called individually "the Party" and collectively "the Parties"; Desiring to strengthen the special bonds of friendship and economic relations and co-operation that exist between them with a view to raising living standards, promoting economic growth, investment opportunities, employment, development and prosperity; Desiring to raise the capacity and international competitiveness of their goods and services; Aspiring to promote their mutual interests through liberalization and expansion of trade and investment between them and with a view to establishing a Free Trade Area; Re-affirming their respective rights and obligations under existing bilateral, regional and multilateral agreements and in conformity with Article XXIV of the General Agreement on Trade and Tariffs 1994 ("GATT") and Article V of the General Agreement on Trade in Services ("GATS"); Re-affirming their commitments to strengthen and reinforce the multilateral trading system as reflected by the World Trade Organisation ("WTO") and to contribute to regional and international co-operation[40]. Recently, Bahrain has embarked on a comprehensive and visionary programme of initiatives paving the way

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40 Frame work agreement between the Kingdom on Thailand and Bahrain on closer economic relationship, DONE on the 29th day of December 2002 in duplicate copies in the English language, with all copies being equally authentic

for enhancing the bilateral business relations with Thailand and other economies in the world, especially with the Asian countries. According to the two-day Thai-G.C.C. Business Conference 2007, Bahrain was ranked among the most economically free country in the Middle East and was the fourth most free economy in the world. The simplified administrative and legal systems and procedures along with rapid industrialisation have assured excellent opportunities for the foreign investors especially, Thai investors. "Bahrain-Thai relations in all fields of cooperation have positively influenced the volume of trade exchange between the two countries. The total volume of trade between Bahrain and Thailand had doubled since 2004 and was worth BD 129 million equal to $343 million in 2007." The Bahrain-Thailand free trade agreement (FTA), under negotiation, will enhance commercial relations with Bahrain and set the stage for improving trade relations and openness with other countries in the region, which Thailand expects the investors from Thailand and other Asian countries to utilise the advantages of this agreement." According to Ambassador of Thailand in Bahrain "The private sector role is vital in exploring and availing the existing opportunities in trade, commercial and investment sectors. The Thai-G.C.C. trade volume of $24 billion is just an eye opener for the private sector players and there is need for the private sectors to work closely to tap the existing opportunities between Thailand

and the G.C.C.." Exchanges of visits are an integral part in maintaining and further developing the relations between any countries and communities. So far, there had been many delegations from Thailand that had visited Bahrain, with varying degree of success[41].

Given to Bahraini-Thai trade cooperation, the Kingdom's Industry and Commerce Minister Dr Hassan Abdulla Fakhro visited Thailand on the invitation of Thailand's Deputy Prime Minister and Commerce Minister, Mingkwan Saengsuwan. The effort is to strengthen trade and investment cooperation between the two countries, which already have been enjoying the benefits of cordial relations for a long period of time," Dr Fakhro met the Then Thai Prime Minister Samak Sundaravej and the Then Industry Minister Suwit Khunkitti and hold talks for boosting bilateral cooperation.

He also had meetings with the top brass of the Thai Chamber of Commerce, Board of Trade of Thailand, Rice Millers Association besides leading Thai companies Siam Cement Group, Siam Steel and PTT Exploration and Production. He also visited the 'THAIFEX 2008 - World of Food Asia' organised by the Thai Commerce Ministry wherein 1000

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41 http://www.halaljournal.com/index.php?page=article&act=show&category=2&pid=556&PHPSESSID=e5c9772b8e8be2053dc...

companies spanning the food and beverages, food technology, halal food, food catering, hospitality and services and retail also participated[42].

Bahrain-based Acacia Real Estate announced that the company had purchased a 50 percent stake in three internationally branded five-star hotels in Thailand. The company bought the shares through a joint venture with Meridia Capital, a Spain-based private equity group, and Capital Hospitality Group, a specialized hotel investment firm. The acquisition is forecasted to generate a rate of return for investors in excess of 20 percent per year over a five-year holding period. The properties are situated in Hua Hin and Phuket, Thailand and are operated by Six Senses Resorts & Spas, a leading resort and spa management and development company headquartered in Bangkok[43]. On 25 February 2008, the production-sharing agreement (PSA) signed with Thailand's PTT Exploration and Production (PTTEP) in late 2007 and covering offshore Block 2, was formally endorsed. According to Oil and Gas Affairs Minister and Chairman of the National Oil and Gas Authority (NOGA) Abd al- Husain Mirza said PTTEP had agreed, during the six-year exploration period, to carry out geological studies and drill two wells to the

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42 http://www.menafn.com/qn_news_story_s.asp?storyid=1093196966

43 http://www.menafn.com/qn_news_story_s.asp?StoryId=1093202245

Khuff formation on Block 2. If a discovery is made, then the production-sharing period will be 24 years[44].

Thailand and Kuwait relation.

Thailand and Kuwait established diplomatic relations on 14 June 1963 and opened its embassy on 15 August 1983. Initially, Kuwaiti Ambassador to Malaysia was also Ambassador to Thailand but on January 1997, Kuwaiti government appointed Mr. Hamood Yusuf M. Al-Roudhan as the first Kuwaiti Ambassador to Thailand. Generally, the relationship between the two countries has long been very close and never been interrupted by any matters. Thailand always provided support for Kuwait in any resolution, especially during Gulf War. Moreover, Thailand sent military force to participate in United Nations Iraq-Kuwait Observer Mission-UNIKOM and also sent medical team to Kuwait. These kinds of assistance obviously make strong relationship of the two countries.

In the technical field, Kuwait has long been providing scholarship for Thai student(secondary school and BA) every single year. Currently, there are at least 40 Thai student in Kuwait, most of them studying about Sharia (Islamic law) and Arabic language. In the Tourism Sector, Kuwait is very small country by size but having one of the highest

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44 Middle East Economic Survey (MEES), Vol LI No, 9 , 3 March 2008, p 13.

per capita income in the world. Kuwait has an enormous capability to promote tourism. In 2005, 29,773 Kuwaiti tourists visited Thailand and created foreign exchange for Thailand worth at least $36 million[45]. Thailand Tourism Authority welcomes and promotes tourism of the two countries and always creates new strategies to attract more tourists from Middle East, especially Kuwait.

In 1990, Thailand's Overseas Energy Supply made joint venture with Kuwait Petroleum International (KPI) to establish Kuwait Petroleum Company (Thailand). Later they created Q8 Petroleum Station in Thailand, now 150 Petroleum Station are already working. They set a plan to expand to 500 Petroleum Stations across Thailand. However, this business was bid by Malaysia Petronas Company. Kuwait paid more attention to do business in East Asia and South East Asia. So far, many Kuwaiti businessmen in various sectors visited Thailand. Of course, there are many kinds of business which attract Kuwaiti businessman to invest, among them are restaurant, beauty, spa, e.t.c.

Thailand and Oman relation.

Thailand and Oman established diplomatic relations on 30 July 1980 and opened its Embassy on 9 July 1987 and Oman opened its Embassy in Bangkok in 27 July 1994. The cordial relation of the two

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[45] http://www.menafn.com/qn_news_story_s.asp?StoryId=1093202245

countries have never been frozen or constrained. So far, Oman has always provided support for Thai side on Cambodia problem. During 1987, Thai sent artificial rain team to Oman as requested by Oman under specific agreement. Thailand provided technical assistance to Oman since 1987, under the technical assistance project of Thailand. Thailand provided *training for Oman in various fields, such as agriculture, health and* communication etc. On 2002, PTT Thailand signed an agreement on Exploration and Production Sharing Agreement with Oman's Ministry of Oil and Gas. These two government established term contract on purchasing oil from Oman (Government to Government) since 1999. So far, there have been many big companies from Oman interested to invest in Thailand which Oman considers as a safe place to invest. Omani big companies signals to invest in Thailand are as follows.

Omar Zawawi Establishment (OMZEST) which is a largest company in Oman(62 branches) desire to invest in electronic fields like air-condition, refridegerator and so on. Moreover, this largest company wants to joint venture with any company in Thailand which is experiencing with liquidity concerns or trapped in financial problems with Thai banks. Bahwan Group get interested to invest in canned food company, communication network system and also saw an opportunity to joint venture in Thai's asset company, financial institution and medium size industry. Zubair Group used to send delegations to Thailand to seek for investment in Thailand and also got interested with various projects in Thailand.

Undeniably, Oman can be identified as an important trading partner with Thailand. Around 25% of Oman productions have continuously destined to Thailand with largest portion registered by oil. Recently, Oman got interested to establish oil reserve and trading center in Thailand as an important gateway to Far East, now under negotiation.

Thailand and Qatar relation.

Thailand and Qatar established diplomatic relation on 7 August 1980 and opened its Embassy at Doha in 2002 and Qatar opened its Embassy in Bangkok on 2004. The relationship of the two countries has so far been good. After diplomatic establishment, there were many high-level visits between the two countries. Recently, Amir of Qatar visited Thailand as special guest of Thailand's government and also attended the celebration of the 60th anniversary of His Majesty King Bhumibol Adulyadej's accession to the throne. Due to the cordial relationship of the two countries, Qatar was actively concerned about violent situation in the southern Thailand. Qatar is also the active member of Asia Cooperation

Dialogue (ACD) which Thailand was an active founder. Moreover, Qatar was a host for the 5^{th} ACD ministerial meeting on 5 May 2006.

Federation of Design and Construction Services of Thailand-FEDCON bid for design and construction management for Asian Game athlete's resident. As the plan, these residents will be turned to Hamad Medical Center after Asian Game is officially closed. Moreover, other construction companies joined for the bid like, Powerline Engineering Group of Companies Ltd. Currently, there are thousands of Thai expatriate labors working in Qatar, and most of them are skilled and semi-skilled labor. Around 90 percent are working in construction sector and oil refinery sector. Besides, there are around 150 labors working with Qatar Airways.

Thailand and Saudi Arabia relation.

Among the G.C.C. countries, the establishment of diplomatic relation between Thailand and Saudi Arabia has been for the longest period. Thailand established diplomatic relation with Saudi Arabia on 1 October 1957. However, at the first stage, they exchanged only Consul-General, no ambassador. Thailand opened its Consulate Office at Jeddah and Saudi Arabia also opened its Consulate Office at Bangkok, Thailand. Later, on 1 March 1966, the two sides appointed their ambassadors and agreed to upgrade their Consulate Office to Embassy. Consul-General of

Saudi Arabia to Thailand Sheikh Abdulrahman Al-Omaran was the first Saudi Arabia's ambassador to Thailand. On 4 June 1975, Thai's cabinet appointed Mr. Prasong Suwanprathes to be ambassador to Saudi Arabia. When Jeddah was replaced by Riyadh as Saudi Arabia's capital, the Thai's cabinet approved to shift Royal Thai Embassy to Riyadh and opened its Consulate Office in Jeddah.

The relation of the two sides had gone well and significantly improved with exchange of visits at various levels. Unfortunately, this strong and cordial relation had been severely destroyed by various embarrassing events. The most disgusting manner was the so-called gem scandal[46] which had taken place in 1989. The disappearance of Saudi Arabia's businessmen and murder of four Saudi Arabia's diplomats in Thailand[47] had been other unfortunate incidents which were identified as important events to make the relation become immediately constrained and frozen. This resulted in diplomatic relations being downgraded to the chargé d'affaires level. The unresolved cases have hampered political, economic and trade relations between the two countries for 20 years. There were 150,000-200,000 Thai workers in Saudi Arabia before these happenings but now there are only 10,000 workers there. Thailand had lost

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46 http://mathaba.net/MNN/www.2thailand.net/x.htm?http://mathaba.net/MNN/www.2thailand.net/item/?x=584487

47 http://sanpaworn.vissaventure.com/log/153/saudi-thai-relations

Bt200 billion income ($8 billion) as fewer Thai workers were allowed to go to Saudi Arabia[48]. Despite frozen relation, Saudi Arabia has still been one of the second largest trading partners of Thailand, oil being the largest single commodity of import from Saudi Arabia. During 2002-2004 Thailand import of oil from Saudi Arabia ranked at third ($800-$1,000 million) among G.C.C. countries led by UAE and Oman, respectively. Moreover, Saudi Arabia has continuously been the largest consumer good market for Thailand in Middle East[49].

Thailand has always received sincere cooperation from Saudi Arabia for Haj Affairs. Annually, Thailand sends Haj affairs team to attend meeting with Minister of Haj, Saudi Arabia to discuss about accommodation, transportation and any details for Thai's pilgrims. In 2005, Saudi Arabia increased Haj quota for Thai's pilgrims from 10,494 to 13,500 but only 10,451 Thai's pilgrims performed Haj in 2005. In 2006, Thai was alloted Haj quata of 11,000 pilgrims who were led by Thailand's Islamic spiritual leader Sawat Sumalayasak.

Saudi Arabia's government has continuously provided scholarships for Thai students for more than since 30 years. Annually, 3-4 Thai students got scholarships to pursue in BA and MA in Islamic Studies and Arabic language. Currently, there are 67Thai students in Saudi Arabia

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48 http://www.mathaba.net/news/thailand

49 http://www.mfa.go.th/web/2386.php?id=365 Thai language

(Medina 35, Mecca 9 and Riyadh 23). On 18-19 November 2006 Thai's Charge d' Affairs and Consulate General met every Rector of University enrolling Thai students to negotiate for increasing seats for Thai students(under consideration). Saudi Fund for Development provided concessional loan for electrical development project in 1981 and Islamic Development Bank of Saudi Arabia provided financial assistance up to bt32 million for construction of Yala Islamic College in 1985.

Before the unfortunate incidents with Saudis in Thailand, a number of Saudi Arabia tourists came to Thailand which generated enormous foreign exchange for Thailand. In 1987, 77,782 Saudi tourists visited Thailand. But during 2001-2004, the number of Saudi tourist dramatically dropped to an average of 7,000 per annum and increased to more than 10,000 per annum during 2005-2006. Regardless to the frozen relationship, increasing tourists from Saudi Arabia provides a good signal for Thailand that a lot more Saudi Arabian tourists will come to Thailand. Thailand is becoming increasingly attractive for Saudi luxurious people, Saudi businessman and even Royal Saudi Arabia's family members[50].

The relationship between the two countries was constantly frozen and constrained since 1989 due to the gem scandal, Saudi Arabian businessmen's disappearance in Thailand and murder of Saudi Arabia's

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[50] http://www.mfa.go.th/web/2386.php?id=365 Thai language

official in Thailand. Since then, no official visit from Saudi Arabian government has taken place. Few business delegations were coming to or going from Thailand but trade did not improve much as compared to other G.C.C. countries.

Thailand and United Arab Emirates relation.

Thailand and the United Arab Emirates established diplomatic relations on 12 December 1975. Thailand opened its Consulate-General office in Dubai in January 1992 and its Embassy on 3 November 1994. The United Arab Emirates opened its Embassy in Bangkok in April 1998.The UAE is seen by Thailand as gateway to the Middle East and is the number one trading partner for Thailand in the region. In 2007, the volume of bilateral trade reached 9.3 billion USdollars, with Thailand holding a trade deficit. Major exports from Thailand include car, car parts and accessories, air-conditioners, radio and receivers, jewelry, metal etc. Major imports from the UAE to Thailand include oil, fuel, steel, gold, chemical products etc.

Thailand imports the most amount of oil from the UAE, around 33% of all oil imports from around the world. The Thai government and Abu Dhabi National Oil Company (ADNOC) have signed a goverment to government contract since 1994. Since 25 July 2007, the

UAE has allowed imports of Halal cooked chicken from Thailand to gain entry into the UAE market. This is seen as a stepping stone for further imports into other countries in the Middle East, Africa and CIS.

In terms of tourism, the number of UAE tourists arrival in Thailand is second only to Israel. In 2007, the number of tourists arrival from UAE reached 98,000, among these 73,000 were UAE nationals. Apart from popular tourist sites, the other main reason for traveling to Thailand is for medical purposes (medical tourism). At the same time, UAE is also the top destination for Thai tourists traveling to the Middle East region. As for labour cooperation, there are approximately 12,000 Thais living and working in the UAE. Most of the Thai workers here are skilled and semi-skilled workers employed in industry and petro-chemical, services and construction fields. There are several opportunities for work in the services sector such as spa and restaurant businesses[51].

UAE's private sector is increasingly interested to invest in Thailand in various sectors such as oil exploring company. There are joint ventures like carpet producing company and real estate company Raimon Land. So far, very few companies from Thailand invest in UAE. During the past couple of years, medical service like Bumrungrad Hospital and Bangkok Hospital and construction sector: like Italian-Thai Development

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[51] http://www.mfa.go.th/web/2814.php?id=3176

Public company Limited have started to play a constructive role in UAE's business circle and various private companies namely Chareanpokapan company and Siam Cement companies have opened branches in UAE[52].

52 http://www.mfa.go.th/web/2386.php?id=370

CHAPTER 3

Chapter 3

Thailand's strategies in G.C.C. market.

International trade has always been important to the Thai economy. Thailand's integration into foreign markets in the mid-19th century enabled its economy to expand rapidly. Thailand is a small and open economy. Its trade policies have been geared towards promoting exports by limiting export controls to a minimum[1]. Exports have been the driving force behind Thailand's economic growth in more than 30 years ago. But the risks associated with any degree of dependency on world markets have been spread through diversification. The range of products supplied- from rice and canned seafood to garments and computer bearings-is broader than from many other countries at a similar level of development[2].The make up of the Thai economy remained virtually unchanged up to the late 1950s, then, in the early 1960s, the industrial and service sectors began supplementing agriculture as significant income and employment generators. The industrialization process set to start during the 1960s was triggered towards import-substitution. It was accomplished in

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1 Report by the Government of Thailand, WTO, Trade Policies Review 2003. P 108.

2 Department of Economic Research, 1991 , Bank of Thailand, Getting to know the Thai Economy, Sri Siam Printing press Co., LtD, Thailand.p.6.

the 1970s by a push ahead to produce export-oriented items. By the mid-1970s Thailand was exporting manufactured goods in a large proportion.

The intend to stimulate manufacturing export began since the early 1960s, when the Export Promotion Act B.E. 2503 was promulgated, but it was not actively implemented until the launch of the Third National Economic and Social Development Plan (1972-1977) .The plan specified the promotion of manufactured exports as and industrial strategy, at which the Investment Promotion Act B.E. 2505 and the Export Promotion Act were revised. Emphasis was changed from import protection policies to export-oriented promotion policies because of the problem in the Balance of Trade and Balance of Payment[3].

The diversification that identifies the Thai economy now did not exist a few decades ago. Before 1960s, Thailand was traditionally an exporter of a few agricultural commodities and minerals, rice, rubber, teak, and tin ore. During the 1960s, agricultural exports increased in volume through the expansion of the cultivated area. Later on, diversification of agricultural products began, new crops were introduced along with the promotion of livestock and logging production as well as fishery, while manufacturing production was promoted mainly for import substitution.

In the late 1970s and the early 1980s, export industries received greater support from the Government. Thai exports have

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3 Christopher Reynolds, Global Lagic, 2002, The Challenge of Globalization for Southeast Asian Business, Prentice Hall, Singapore. P 22.

increasingly relied on agro-industrial and manufactured products, particularly, but not exclusively, those that are labour-intensive such as canned food, sugar, textiles, wood products and jewellery. The late 1980s saw continued promotion for export industries. Foreign investment contributed to the significant increase in the proportion of new manufactured goods to total exports. Major exports now cover newer products such as micro chips, integrated circuits, electrical appliances, jewellery, footwear, leather products, furniture parts and plastic products[4]. The United States is Thailand's most important export market, but again the concentration is considerably less than for many other developing countries. Large shares of Thai exports go to Japan, Europe, Africa and other Asian countries, especially oil rich G.C.C. countries. Export promotion strategy in 2006 stated that the Department of Export Promotion(DEP) planned to implement programmes that have succeeded in boosting exports to traditional and new markets, such as domestic trade fairs, participation in overseas trade fairs, organizing Thailand Exhibition trade fairs and Export rallies, trade and negotiation missions to new markets, especially in G.C.C. market, joint promotions with overseas department stores, supermarkets, and importers, as well as foreign importer and buyer missions to Thailand. These activities will further help establish Thailand as a key player on the world trade arena. The DEP constantly

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[4] Opcit 2 p.8

keeps Thai businesses in mind when adapting its promotional strategies in line with world trade climate. In addition to promoting the export of Thai goods and services in traditional ways, the DEP is focusing on increasing competitiveness through activities that give Thai businesses more exposure to international business, such as investing abroad, forming foreign joint ventures, forming mergers and acquisitions, franchising and licensing, and establishing an offshore business to create international business networks. In addition, the DEP will pursue global sourcing by coordinating with its overseas foreign trade promotion offices to locate sources of raw materials, manufacturing facilities, machinery, and other factors of production, as well as technology and innovations. In addition, the DEP will promote research and development and product branding to add value by creating a distinctive character and identity for Thai products and services[5].

Gulf Cooperation Council (G.C.C.) is a market, which has been expanding fast, offering abundant opportunities for world exports of goods and services. The dependence of G.C.C. countries on foreign trade had been very high. The trading relations of the G.C.C. countries were mostly with the non-G.C.C. countries, because these economies were fundamentally very similar. They depend upon extraction and exportation of their oil and gas. And also depend upon import significantly[6]. G.C.C.

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[5] Thailand's Ministry of Foreign Affair.

[6] Atif A. Kubursi , *Oil, Industrialisation and Development in the Arab Gulf States*, Croom Helm Publication, Australia, 1984, P 7-40.

countries have represented as the region's foremost market for the industrially developed countries as well as developing countries. The size of the market probably constitutes modest because of its considerably small population, but it has a massive purchasing power with the high per capita income. Consequently, it is considered of the most prosperous markets in the world. G.C.C. countries have traditionally liberal import policy with no quantitive restrictions. A large percentage of imports supplying into these markets entertain duty free status in agricultural products, general machinery, equipment and raw materials used by the domestic industry and all goods locally produced and imported from neighbouring Arab- Gulf countries. In the ensuing sections, Thailand's strategies and performance in individual G.C.C. countries is discussed.

3.1- Thailand's Exports to Bahrain.

Bahrain is an island state and smallest country in the Gulf. Bahrain has also the smallest population in the region. It has the smallest economy among the G.C.C. member states. The experience of Bahrain in its development has been similar to its neighboring oil exporting gulf economies. The inflow of massive oil revenues in the region, since the beginning of 1970s transformed these economies dramatically and drastically. The inflow of oil revenues turned these economies into modern, diversified, vibrant and significant from primitive and insignificant economies[7]. However, the exhaustive nature of oil had been very clear to the Bahraini authorities and they tried to develop other sectors of economy as bases to their economy, in addition to the oil. And these policies have shown positive and significant results in Bahrain[8]. Today Bahrain has established itself as a regional service centre. Manama, Bahrain's capital has 52 offshore banking units and 36 investment banks[9].

Bahrain's market is considerably big and its capacity of import is also very substantial. The total volume of Bahrain's import has been continuously increasing year by year. It stood at $3.7 billion in 1990, which registered a small expansion to $4.1 in 1995. In 2005 Bahrain's total import exhibited a significant growth which reached to $7.1 billion[10]. The information about trend in Thailand's export to Bahrain during the period of 1988-2006 has been drawn in Table 3.1. Where it is found that Thailand's export to Bahrain has always been fluctuating since the late 1980s. In 1988-1990 Thailand's export to Bahrain was very small, the value ranged between $20-$22 million per year which showed a significant improvement to $31 million in 1991. Since then the value has gone down to $24 million in 1993 but again in 1995 its growth reached to $32 million.

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7 Muhammad Azhar, *Contemporary Gulf Economies and Indo-Gulf Relations*, New Horizon Publisher. 1999, P 101.

8 Ibid, p 102.

9 Europa , The Middle East and North Africa 2006, p 265.

10 Direction of Trade Statistics(DOTS) Year Book,1997, 2003 and DOTS Quarterly September,2006.

Table 3.1
Trends in Thailand's Exports to Bahrain
(US $ Million)

Year	Thailand's Export to Bahrain	Thailand's Total Exports	Thailand's Export to Bahrian as Percentage of Thailand's Total Exports
1988	20	15,910.00	0.13
1989	22	20,175.00	0.11
1990	20	23,072.00	0.09
1991	31	28,811.00	0.11
1992	27	32,472.00	0.08
1993	24	37,158.00	0.06
1994	24	45,583.00	0.05
1995	32	57,210.00	0.06
1996	21	55,743.00	0.04
1997	25	57,560.00	0.04
1998	27	54,489.00	0.05
1999	30	58,491.00	0.05
2000	29	68,916.00	0.04
2001	33	65,112.00	0.05
2002	35	68,851.00	0.05
2003	41	80,521.00	0.05
2004	51	96,244.00	0.05
2005	66	110,107.00	0.06
2006	79	128,217.00	0.06

Sources: Direction of Trade Statistics, Year Book 1993, 1995, 1997, 2000, 2002 and2003, Direction of Trade Statistics Quarterly , September 2004, March 2006 and September 2006, I.M.F. Publication, Washington, D.C. and Bank of Thailand.

The growth rate of Thailand's export to Bahrain had never exhibited stability which declined significantly to $21 million and again slightly increased to $25 and $27 million in 1997 and 1998 respectively. Since 1999, except in 2000, the volume of Thailand's export to Bahrain constituted a continuous growth which stood at $30 million in 1999 and set a big improvement to $79 million in 2006. During the period 1988-2006, Thailand exports to the world constituted a tremendous upturn by 706 percent whereas Thailand's exports growth to Bahrain has been substantially slower than growth in Thailand's global export. Share of Thailand's exports to Bahrain as compared to the Thailand's total export has also been very small. It stood at only 0.13 percent which further decreased to 0.11 and 0.09 percent in 1989 and 1990, respectively. In the following year, it recovered slightly to be at the same level of 1989. Then, share of Thailand's export to Bahrain as compared to the Thailand's total export declined continuously to 0.08 percent in 1992 and further fell to 0.06 percent in 1993 and 0.05 percent in 1994. Since then, share of Thailand's export to Bahrain as compared to the Thailand's total export remained almost static; it ranged between 0.04-0.06 percent till 2006. As a result, share of Thailand export to Bahrain as compared to its global exports became considerably negligible; it constituted only 0.13 percent at the maximum level. Thailand should have made an attempt to boost its share because Thailand imports bill from Bahrain is very high. It showed even higher year by year which constituted to $214 million in 2006[11]. It is the challenging task for Thai government to review its export strategy toward Bahrain to reduce this huge deficit by increasing export to Bahrain as much as possible.

The commodity composition of Thailand's export to Bahrain during 2004-2006 is given in Table 3.2. Looking at the data, it is found that vehicles have been the largest export item of Thailand's export to Bahrain in 2006. In 2004 and 2005 the export of vehicles was the second largest item of Thailand's export to Bahrain. The volume of exports of vehicles stood at $11.75 million which registered a marginal rise to $12.64 million in the following year. In 2006 it observed a significant growth to be the largest exported item, stood at $22.71 million. This table also provides Thailand's vehicle export to Bahrain in percentage as Thailand's total export to Bahrain. Vehicles in Thai exports to Bahrain had a percentage share of 22.92 percent in 2004 which slightly fell to 19.20 percent in 2005 but again showed a big recovery to 28.72 percent in 2006.

Machinery was the second largest export item whose export stood at $18.43 million. It used to be the largest exported item in the past two years which stood at $12.91million in 2004 and further increased to $16.27 million in 2005 but did not register a hefty growth like vehicle

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11 Direction of Trade Statistics, Year Book 1997 and 2003, DOTS Quarterly, September 2006, IMF Washington.

Table 3.2
Thailand - Exports to Bahrain (Millions of US Dollars)

Description	2004	2005	2006
Bahrain	51.27390126	65.85453443	79.06957674
Vehicles, Not Railway	11.75392739	12.64477587	22.71106106
Machinery	12.91201315	16.27141698	18.43159398
O Specl Impr Provisions	2.384541218	7.73557393	8.3415802
Plastic	1.792597956	3.087820908	3.474907465
Copper+Articles Thereof	1.032266793	1.915449276	2.812588394
Electrical Machinery	1.723776526	1.778551136	2.091439894
Manmade Staple Fibers	0.904323323	1.12791477	2.037308657
Knit Apparel	1.683589559	2.120365941	1.987448444
Precious Stones,Metals	1.054043755	2.165188558	1.548845481
Furniture And Bedding	0.860489961	1.005769693	1.489443584
Woven Apparel	0.889460135	0.942796349	1.352593063
Cereals	0.955910538	1.090377596	1.224651267
Preserved Food	0.623628554	0.839366316	1.087031183
Prepared Meat,Fish,Etc	0.614898178	0.848231363	1.075262559
Iron/Steel Products	1.469722771	1.897225628	1.059171555
Miscellaneous Food	0.505214599	0.827182815	1.014099685
Glass And Glassware	0.942003917	0.846336515	0.774348204
Edible Fruit And Nuts	0.488466664	0.558009129	0.499386057
Footwear	0.587564115	0.405217869	0.454217051
Ceramic Products	0.096605041	0.110186616	0.419738601
Baking Related	0.288949307	0.396120873	0.412850228
Wood	0.756878002	1.001548661	0.398326347
Vegetables	0.235520894	0.32190981	0.398178436

Source : Thai Custom Department

export in 2006 as it was only $18.43 million. In this period the share of export of machinery to Bahrain in Thailand's total export to Bahrain remained relatively high, it stood around one quarter in these three years.

The third largest exported item from Thailand to Bahrain has been plastic which displayed a significant expansion from $1.79 million in 2004 to $3.08 million in 2005 and further increased to $3.47 million in 2006. Its percentage share in Thailand's total export to Bahrain stood at 3.5 percent and improved to 4.69 percent but showed a small drop to 4.40 percent in 2006. The percentage change of growth during 2005 and 2006 stood at 12.54 percent. The Thailand's next important exported commodity to Bahrain has been copper. Copper got the share of total export of Thailand to Bahrain at 3.56 percent in 2006 which increased from 2.01 percent in 2004 and 2.91 percent in 2005. Its volume kept increasing year by year which stood at $1.03 million in 2004 and made an improvement to $1.91 million in 2005 and further increased to $2.81 million in 2006. The percentage change of growth during 2005 and 2006 showed a clear and massive improvement, it stood at 46.84 percent. There are other important export items to Bahrain which constituted an interesting expansion, such as manmade staple fibers, ceramic products. Although these products got a tiny volume in Thai exports but in terms of annual growth, it is interesting to analyze. Manmade staple fibers stood at $1.12 million in 2005 and further increased to $2.03 million in 2006, increasing by 80 percent from the previous year. The ceramic product managed a big rise up to 280.93 percent between 2005 and 2006. However, there have been many exported products which have been declining such as, knit apparel, precious stone, iron, steel product, edible fruit nuts and wood. Not only that these exported products claimed a very small share, but these have been declining also.

Obviously, the size of Bahraini market is not as small as the size of the country. It can be clear by observing the direction of Bahraini import which is provided in Table 3.3. Trends of Bahraini market share are also drawn in Table 3.3A. Where we found that among Thailand's competitors in Bahraini market, Saudi Arabia claimed the largest source of Bahraini import for a long period of time. From the table it is found that the total import of Bahrain stood at $3,711 million in 1990 and increased to $4,080 million in 1995 and showed a marginal drop to $3,546 million in 2000 and again registered a hefty growth to $7,122 million in 2005. Saudi Arabia is a major supplier of Bahraini imports. It stood at $1,887 million in 1990, dropped to $1,651 million in 1995 and further decreased to $1,035 million in 2000 and again displayed a massive recovery to $2,598 million in 2005. Despite the decline in some years, Saudi Arabia has remained as the most important source of Bahraini imports. It could be attributed to the payments on account of imports of crude oil which dominated a substantial portion of Bahrain imports bill from Saudi Arabia. Looking at the percentage share in

Table: 3.3
Direction of Bahraini Imports and Thailand's Competitors in Bahraini Market (US $ Million)

Country	1990	1995	2000	2005
Total	3,711	4,080	3,546.30	7,122.80
Industrial Countries	1,282	1,331	1,637.30	2,688.10
United States	256	179	452.21	385.77
Japan	187	128	139.95	471.08
France	71	83	217.71	126.36
Germany	117	153	155.92	455.03
Italy	63	79	108.63	191.20
United Kingdom	211	262	208.67	358.01
Developing Countries	2,267	2,383	1,892.80	4,397.80
China	24	15	53.95	205.65
India	55	68	81.48	199.63
Korea	25	28	111.04	130.19
Pakistan	15	33	46.03	55.41
Singapore	16	29	29.00	187.44
Thailand	26	35	31.46	72.57
Turkey	15	23	29.22	45.83
Brazil	36	58	64.78	129.66
Saudi Arabia	1,887	1,651	1,035.20	2,591.75
U.A.E.	59	74	116.41	291.44
Qatar	7	9	18.92	55.17

Source: Direction of Trade Statistics, Yearbook, 1997 and 2003, Direction of Trade Statistics Quarterly September 2006, I.M.F. Publication, Washington D.C.

Table: 3.3A
Direction of Bahraini Imports and Thailand's Competitors in Bahraini Market (percentage)

Country	1990	1995	2000	2005
Total	100	100	100	100
Industrial Countries	34.55	32.62	46.16	37
United States	6.90	7.52	12.75	5.40
Japan	5.04	3.45	3.92	6.61
France	1.91	2.03	6.12	3.93
Germany	3.15	4.12	4.37	6.38
Italy	1.70	1.94	3.05	2.68
United Kingdom	5.69	7.06	5.87	5.02
Developing Countries	61.14	64.21	53.36	61.73
China	0.65	0.40	1.52	2.87
India	1.48	1.83	2.28	2.79
Korea	0.67	0.75	3.13	1.82
Pakistan	0.40	0.81	1.30	0.07
Singapore	0.43	0.70	0.82	1.22
Thailand	0.70	0.94	0.89	1.01
Turkey	0.40	0.56	0.82	0.63
Brazil	0.97	1.56	1.83	1.81
Saudi Arabia	50.85	44.49	29.19	36.38
U.A.E.	1.59	1.99	3.28	4.08
Qatar	0.19	0.22	0.51	0.77

Source: Direction of Trade Statistics, Yearbook, 1997 and 2003, Direction of Trade Statistics Quarterly September 2006, I.M.F. Publication, Washington D.C.

Bahraini market, it is found that 50 percent of Bahraini import is supplied by Saudi Arabia in 1990 and exhibited decline to 40 percent in 1995 and further fell to 30 percent in 2000. However, in 2005 it constituted a significant recovery to 36 percent. Among the developing countries UAE has been the second largest supplier of Bahraini imports. UAE's export to Bahrain was only $59 million in 1990 which increased to $74 million in 1995 and registered a significant growth to $116.47 million in 2000 and expanded to $291.44 million in 2005. During this period UAE's export to Bahrain has largely expanded by 393 percent. In terms of UAE's share in Bahraini import market, it continuously increased from 1.59 percent in 1990 to 1.99 percent in 1995, to 3.28 percent in 2000 and finally to 4.08 percent in 2005. Among the two categories which are described in the table namely, industrial countries and developing countries, it is observed that developing countries have long been a major source of Bahraini imports. Around 61 percent of Bahraini import came from developing countries in 1990 and increased to 64.21 percent in 1995 and came down to 53.36 percent and again recovered to 61.73 percent in 2005. Among the developing countries the third largest Bahraini imports came from India during 1990-2000 but it was finally replaced by China in 2005. Bahraini imports from India constituted $55 million in 1990 and increased to $68 million in 1995 and registered a further increment to $81.48 million in 2000. In 2005 it showed a significant improvement to $119.63 million.

Therefore, during this period Indian exports to Bahrain increased by 262 percent which is more than Thailand's exports growth during the same period. Around 1.45 percent of Bahraini import came from India in 1990 which increased to 1.83 percent in 1995 and again rose to 2.28 percent in 2000 and further increased to 2.79 percent in 2005. Consequently, India's share in Bahraini market expanded relatively fast and India could expand its share in Bahrain's market. Looking at China, among the developing countries, it is found that China increased its share in Bahraini imports significantly. China's export to Bahrain was only $24 million in 1990 and came down to $15 million in 1995. In 2000 China's exports to Bahrain displayed a big recovery to $53.95 million and set a hefty expansion to $205.65 million in 2005. Clearly, China's share in Bahrain imports market increased rapidly. Consequently, during 1990-2005 Chinese export to Bahrain has massively increased by around 700 percent. Among the developing countries, Korea is also important source of Bahraini import. Korean exports to Bahrain stood at only $25 million in 1990 and registered marginal increment to $28 million in 1995. Surprisingly, in 2000 Korea had more access to Bahraini market when its volume of export to Bahrain constituted a hefty $111.04 million and further increased to $130.19 million in 2005. The percentage share of Korean exports to Bahraini market showed a dramatic expansion during 1995-2000 which rose from 0.75 percent in 1995 to 3.13 percent in 2000. However, it displayed a drop to 1.82 percent in 2005. Singapore, Turkey, Brazil and Pakistan are also the developing countries, struggling to expand their shares in Bahraini imports market and of course, these developing countries continuously create a tougher competition for Thailand's export to Bahrain.

Around 34 percent of Bahrain import came from industrial countries in 1990 and marginally dropped to 32.62 percent in 1995 and recovered to 46.16 percent and again came down to 37 percent in 2005. From the industrial countries, Japan was largest source of Bahraini import in 2005 followed by Germany, US and UK. In 1990 Bahrain's import from Japan was only $187 million and dropped to $128 million in 1995 but increased to $139.95 million in 2000. In 2005, Japan's exports grew substantially at $471.08 million .Share of Japanese export to Bahrain was 5.04 percent in 1990 and declined to 3.45 percent in 1995. After that it continuously increased to 3.92 percent in 2000 and further jumped to 6.61 percent in 2005. During 2000-2005 Germany also showed a big jump from $155.92 million in 2000 to $455.03 million in 2005, its share increased from 4.37 percent to 6.38 percent in the same period. Among industrial countries, US used to be the largest source of Bahrain import in 2000 which stood at $452.21 million but its volume registered a drop to only $385.77million in 2005. Share of US export in Bahrain import dropped to only 5.40 percent in 2005 from 12.75 percent in 2000. Another industrial country, whose share in Bahraini imports market declined was Italy, despite the size of her export to Bahrain growing from $108.63 million in 2000 to $191 million in 2005. France export to Bahraini market was $71 million in 1990 and improved to $83 million and further increased to $217 million in 2000 and fell to only $126 million in 2005. It can be concluded that the share of industrial countries in Bahraini imports markets has been fluctuating. The export performance and growth of Thailand in Bahrain market has been modest and negligible as compared to the rapid growth of Bahraini import market. To narrow down the trade deficit, Thai's authority of Department of Export Promotion should pay much more attention to their strategy in Bahrain market.

3.2- Thailand's Exports to Kuwait.

Kuwait is one of the active members of G.C.C. countries. It is a very small country with small population whereas the domestic economy and its purchasing power are considerably large as compared to the other G.C.C. countries. The advent of oil era completely changed the economic life of Kuwait. The complete turn around in the Kuwaiti economy could be known from the fact that oil has provided Kuwait a very important place in the global economy. Kuwait's per capita gross national product has been one of the highest in the world[12]. Oil export revenues in substantial amount started flowing into Kuwait in sixties only. However, the high price rises in

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[12] World Development Report, various years, IBRD, Washington.

seventies brought to Kuwait massive amount of oil revenues. These revenues were spent on the ambitious developmental programme of the Kuwaiti economy which led to the unprecedented development and growth in Kuwait. Certainly, this massive revenue earned from oil export determines the size of Kuwaiti imports and its import capacity[13].

Kuwaiti economy suffered major blow during the Iraqi invasion of August 1990. Although February 1991 Kuwait was liberated from Iraqi occupation but at a very high cost. But it was estimated that about 800 of 950 oil wells in Kuwait were damaged by Iraqi troops. Not only this but most of the petroleum and other infrastructures were in shambles. Thus the foremost task before the Government of Kuwait after liberation was the reconstruction of Kuwait economy. Kuwait had the financial strength to depend on imports to rebuild its economy. Clearly, this led the significant rise of the volume of the total Kuwaiti import from $4,066 million in 1990 to $7,105 million in 1995[14] and registered a further increase to $15,470 million in 2005[15]. Nonetheless, Thailand's total exports to Kuwait claims a relatively small portion as compared to the Thailand's competitors in Kuwaiti market. The data about Thailand's exports to Kuwait are given in Table- 3.4 where we can observe the fluctuating trend

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13 Opcit. 8. P 36.

14 DOTS Year Book, 1997, I.M.F. Publication, Washington D.C.

15 DOTS Quarterly September 2006 I.M.F. Publication, Washington D.C.

Table 3.4
Trends in Thailand's Exports to Kuwait (US $ Million)

Year	Thailand's Export to Kuwait	Thailand's Total Exports	Thailand's Export to Kuwait as Percentage of Thailand's Total Exports
1988	79	15,910.00	0.50
1989	112	20,175.00	0.56
1990	78	23,072.00	0.34
1991	29	28,811.00	0.10
1992	53	32,472.00	0.16
1993	68	37,158.00	0.18
1994	71	45,583.00	0.16
1995	111	57,210.00	0.19
1996	84	55,743.00	0.15
1997	75	57,560.00	0.13
1998	66	54,489.00	0.12
1999	70	58,491.00	0.12
2000	65	68,916.00	0.09
2001	65	65,112.00	0.10
2002	67	68,851.00	0.10
2003	82	80,521.00	0.10
2004	94	96,244.00	0.10
2005	153	110,107.00	0.14
2006	193	128,216.98	0.15

Sources: Direction of Trade Statistics, Year Book 1993,1995, 1997, 2000, 2002 and 2003, Direction of Trade Statistics Quarterly , September 2004, March 2006 and September 2006, I.M.F. Publication, Washington, D.C. and Bank of Thailand , Bangkok.

of Thailand's total exports to Kuwait during 1988-2006.

Thailand exports to Kuwait have always been fluctuating. Thailand exports to Kuwait in 1988 stood at $79 million. In the following years of 1989 it significantly increased to $112 million and registered a massive downturn to $78 million in 1990. Moreover, in 1991 Thailand exports to Kuwait suffered enormous decline and came down to only $29 million. After that it improved continuously and touched at $111 million in 1995. Again the volume of Thailand's export to Kuwait had shown fluctuation displaying a considerably massive drop to $84 million in the following year. Later on it was found that it continued to fall with the volume ranging around $65-$82 million during the period of 1997-2003. In 2004 it drew a relative upturn to $94 million; moreover, registered an unexpected growth in 2005 and 2006 when Thai exports had reached to $153 million and $193 million respectively. Despite Thailand's global export increasing year by year, Thailand's export to Kuwait as percentage of Thailand's total global export remained negligible. During 1988-1990 it ranged between 0.56 - 0.34 percent which had been the highest share. After that its share had been steady which stood at only 0.10 percent in 1991 and 0.19 percent in 1995. By 2006 it had reached the 0.15 percent level.

Details of the commodity composition of Thailand's export to Kuwait during 2004-2006 are provided in Table 3.5. Where it is observed

Table 3.5
Thailand - Exports to Kuwait (Millions of US Dollars)

Description	2004	2005	2006
Kuwait	94.07036127	152.4802092	193.2498438
Vehicles, Not Railway	21.85363486	66.6662103	91.15821818
Machinery	21.55502023	23.24796824	28.41118518
Prepared Meat,Fish,Etc	5.630035796	6.294459337	8.001696121
Plastic	4.563759511	7.006048526	7.847589162
Copper+Articles Thereof	1.744404291	1.42857168	6.460119663
Electrical Machinery	2.865026634	2.352338657	5.91041934
Iron/Steel Products	1.173322053	3.938645339	5.102028535
Paper,Paperboard	5.383750869	5.602634972	4.00198766
Furniture And Bedding	2.518280263	4.25250047	3.124956637
Cereals	1.312852653	1.536788953	3.111579174
Woven Apparel	4.051288212	3.989872405	3.040298917
Knit Apparel	2.861629926	3.405092522	2.735197979
Preserved Food	2.127221032	1.88062417	2.574993724
Footwear	1.993216964	2.188584725	2.535302444
Wood	2.080770689	1.004270414	1.8750692
Miscellaneous Food	1.344221947	1.4963692	1.627161857
Manmade Staple Fibers	0.438354593	0.808209978	1.491996891
Optic,Nt 8544;Med Instr	0.258046821	0.362037225	1.462287937
Fish And Seafood	0.961045119	1.251806954	1.323326007
Ceramic Products	1.004462017	0.739687269	1.043889939
Edible Fruit And Nuts	0.612403663	0.666159254	0.761478252
Glass And Glassware	0.314295787	0.34204884	0.660363074
Precious Stones,Metals	0.63833147	1.900074084	0.575739245

Source : Thai Custom Department

that vehicles has been the largest item for Thailand's export to Kuwait during the given period. Export of vehicles stood at $21.85 million in 2004 which significantly grew to $66.66 million in 2005. In 2006 it registered a hefty growth to $91.15 million. Therefore, during the period 2004-06 export of this item expanded by 317 percent. Its percentage of share was 23.23 percent in 2004 and drastically rose to 43.72 percent in 2005 and further increased to 47.17 percent in the following year. The Thailand's second largest export item to Kuwait has been machinery. Export of machinery rose from $21.55 million in 2004 to $23.24 million in 2005 and further expanded to $28.41 million in 2006. Thus, during this pertained period, it grew by only 31 percent. Its slow growth affected its share on Thailand's total export to Kuwait which decreased to only 15.25 percent from almost 23 percent in the previous year and registered a marginal decrease to 14.7 percent in 2006. Prepared meat, fish etc. have been the third largest export item to Kuwait. Export of prepared meat, fish etc was $6.29 million in 2005 which further increased to $8 million in 2006. Clearly, export of this item during 2005 and 2006 grew only by 33 percent. Share of total export held almost steady at 4.13 percent in 2005 and 4.14 percent in 2006. Paper, paperboard was the fourth largest export item to Kuwait in 2004 with the value of $5.38 million which further increased to $55.60 million in 2005, but export of paper came down dramatically to only $4 million in 2006. Plastic became the fourth largest export item to

Kuwait in 2006 which rose from $4.56 million in 2004 to hefty $7.84 million in 2006. Therefore, export of plastic to Kuwait registered a relatively massive growth by 71 percent.

Another important item for Thailand's exports to Kuwait which constituted massive expansion during given period has been copper, electrical machinery, iron and cereals. The value of export of copper rose from $1.47 million in 2004 to $6.46 million in 2006 with its share in Thailand's total export in Kuwait increasing from 1.85 percent to 3.34 percent in the same period. Export of electrical machinery stood at $2.86 million in 2004 and showed a slight drop to $2.35 million in 2005 and registered a big increase to $5.91 million in 2006. So, during this period its growth was dramatic at 106 percent. Iron and steel product also showed a massive growth. Its value of export from Thailand to Kuwait rapidly expanded from $1.17 million in 2004 to $5.10 million in 2006. Knit apparel, preserved food, footwear, wood, miscellaneous food, manmade staple fibers, fish and seafood, ceramic product and edible fruit and nuts were other significant items of Thailand's export to Kuwait during given period which exhibited a massive proportion. The trends of exports of furniture and bedding, woven apparel, knit apparel and precious stone showed a decline in share during 2005-2006. On the other hand, export of cereal, optic and glass and glassware during 2005-2006 constituted a significant growth of 102.47 percent, 303.91 percent and 93.06 percent, respectively.

Kuwait is a small country but its market is not so small because of its rapid economic expansion and stability. Consequently, the values of Kuwaiti imports from all over the world have been significant and substantial. Kuwait's global import had been around $4,066 million in 1990, which registered a massive increase to $7,105 million in 1995. This rapid expansion in Kuwaiti import can be attributed to the massive rebuilding programme after the liberation period. The value of Kuwaiti import set to increase slightly to $7,363 million in 2000. Moreover, value of Kuwaiti imports showed a remarkable expansion and reached to $15,470 million in 2006. With the oil price hike in global market, Kuwait's authority injected massive capital to pursue its diversification and reform in Kuwaiti economy. Massive infrastructure development programme had been initiated. Therefore, Kuwait had been forced to be dependent on import from the world. Many countries both developed and developing countries try to get more access and share in Kuwaiti import market. It is unavoidable for export countries, including Thailand to be more competitive in Kuwaiti import market. The trends in market share of Kuwaiti imports are given in table 3.6. The percentage share of Kuwaiti imports market is also drawn in table 3.6 A. From the table, it is found that

Table: 3.6
Direction of Kuwaiti Imports amd Thailand's Competitors in Kuwaiti Market(US$ million)

Country	1990	1995	2000	2005
Total	**4,066**	**7,105**	**7,363**	**15,470**
Industrial Countries	2,475	5,833	4,252	9,416
United States	441	1558	893	2,172
Japan	460	686	642	1,296
France	143	845	306	743
Germany	362	554	567	1,661
Italy	247	444	341	568
United Kingdom	338	956	574	871
Developing Countries	1,058	1,272	3,109	6,050
China	72	115	348	691
India	76	144	207	535
Korea	124	140	271	504
Pakistan	15	27	48	105
Singapore	58	80	91	112
Thailand	85	122	72	168
Hong Kong	70	84	67	58
Saudi Arabia	0	0	612	952
United Arab Emirates	0	0	312	485
Brazil	25	56	71	179
Turkey	101	190	81	231
Bahrain	0	0	0	117
Oman	0	0	0	75
Qatar	0	0	0	113

Sources: Direction of Trade Statistics(DOTS) Year book 1997,2003 and DOTS Quarterly March 2006, I.M.F. Publication, Washington D.C.

Table:3.6A
Direction of Kuwaiti Imports and Thailand's Competitors in Omani Market.(Percentage)

Country	**1990**	**1995**	**2000**	**2005**
Total	**100**	**100**	**100**	**100**
Industrial Countries	60.87	82.1	57.8	60.9
United States	10.85	21.9	12.1	14
Japan	11.31	9.66	8.72	8.37
France	3.52	11.9	4.16	4.8
Germany	8.9	7.8	7.7	10.7
Italy	6.07	6.25	4.63	3.67
United Kingdom	8.31	13.5	7.8	5.63
Developing Countries	26.02	17.9	42.2	39.1
China	1.77	1.62	5.22	4.46
India	1.87	2.03	2.81	3.45
Korea	3.05	1.97	3.68	3.25
Pakistan	0.39	0.38	0.65	0.67
Singapore	1.43	1.13	1.24	0.72
Thailand	2.09	1.72	0.98	1.08
Hong Kong	1.72	1.18	0.91	0.37
Saudi Arabia	0	0	8.31	6.15
Unite Arab Emirates	0	0	4.24	3.13
Brazil	0.61	0.79	0.96	1.49
Turkey	2.48	2.67	1.1	1.15

Sources: Direction of Trade Statistics (DOTS) Year Book 1997,2003 and DOTS Quarterly September 2006, IMF Publication, Washington D.C.

industrial countries are the largest supplier of Kuwaiti imports where as developing countries got a small share in Kuwaiti imports market. Despite fluctuations, the industrial countries are still able to maintain its high level of exports to Kuwait. In 1990, around 61 percent of total Kuwaiti import came from industrial countries which increased to 82 percent in 1995 and fell to 58 percent in 2000. In 2005, it exhibited a marginal increase to 60.86 percent. The value share of developing countries in Kuwaiti import market was considered as low as compared to industrial countries. Kuwait import market was supplied at only $1,058 million by developing countries in 1990 which registered an increase to $1,272 million in 1995. In 2000, value of Kuwaiti import from developing countries jumped high, almost three times from 1995, stood at $3,109 million and further rose to $6,050 million in 2005. As a result, the percentage of growth in Kuwaiti imports from developing countries was registered at 471 percent. Share of developing countries export in Kuwait import market was 26.02 percent in 1990 but decreased to only 17.9 percent in 1995 and recovered to 42.2 percent in 2000 and again showed a small downturn to 39.1 percent in 2005. The largest source of Kuwaiti import market was Japan in 1990 followed by United States of America. The value of Kuwaiti import from Japan was $460 million in 1990 and jumped drastically to $686 million in 1995 but became the third largest exporter to Kuwait. Japan exports to Kuwait fell marginally to $642 million in 2000. In 2005, Japan got much more access in Kuwaiti import market which set an incredible increase to hefty $1,296 million. US became the largest exporter to Kuwait in 1995 which showed a remarkable expansion of nearly four times from 1990. US export to Kuwait constituted at $441 million in 1990 and significantly increased to $1,558 million in 1995. This hefty improvement can be attributed to massive rebuilding programme, mostly pursued by American companies in the post liberation period. However, it displayed a significant decrease to only $893 million in 2000 and again showed a pronounced increase to $2,172 million in 2005. It is clear that since 1995, US had been the largest exporter of Kuwaiti import market and hence during 1990-2005 US registered a big growth of 392 percent. France had also been the significant source of Kuwaiti imports which was the third largest exporter to Kuwait market with $845 million in 1995, increased from $143 million in 1990. But it displayed a downturn to only $306 million in 2000 and showed a relatively massive recovery to $743 million in 2005. The share of German export in Kuwait imports market had continuously been rising and stood at $362 million in 1990 and showed an increase to $554 million in 1995 and slightly rose to $567 million in 2000. In 2005 Germany had been the third largest source of Kuwaiti imports with $1,661 million, increasing by 192 percent. Kuwaiti imports supplied by Italy stood at $247 million in 1990, nearly doubled to $444 million in 1995. However, in 2000 it registered a decline to $341 million and again showed a massive recovery to $568 million in 2005. Thus, during this period it showed a percentage growth of 129 percent. The share of Italy in Kuwaiti import market was 6.07 percent and slightly rose to 6.25 percent and continuously dropped to 4.63 percent and 3.67 percent in 2000 and 2005 respectively. UK also claimed a substantial share in Kuwaiti import market which displayed $338 million in 1990 and registered a huge expansion to $871 million in 2005, growing by 157 percent during this period.

Among the developing countries, Saudi Arabia had been the largest source of Kuwaiti import market in 2005 with the value of $952 million which increased from $612 million in 2000. So during 2000-2005 the growth of Saudi Arabia's export to Kuwait was estimated at 36 percent. China had been the second largest exporter among the developing countries in Kuwaiti import market which showed a continuous growth. Export value of china in Kuwaiti import market stood only at $72 million in 1990 which largely expanded to $115 million in 1995. It massively grew to $348 million in 2000 and further increased to $691 million in 2005. Therefore, during this period the export of China to Kuwait significantly grew by 895 percent. Share of Chinese export in Kuwaiti import market displayed at only 1.77 percent in 1990 and dropped to 1.62 percent in 1995. In 2000, the share of Chinese export in Kuwaiti import market exhibited a marked increase to 5.22 percent and again registered a decline to 4.46 percent in 2005. India had been the third largest exporter of Kuwaiti imports in 2005.

The value of Indian export in Kuwaiti import market stood at only $76 million in 1990 which rose massively, nearly two times to $144 million in 1995 and set a significant jump to $207 million in 2000 and further expanded to $353 million in 2005. Thus, during this period India was another developing country which showed an effective export strategy in Kuwaiti import market which resulted in growth of Indian exports by hefty 603 percent. Obviously, share of Indian export in Kuwaiti import market exhibited an increasing trend year by year which stood at 1.87 percent in 1990 and rose to 2.03 percent in 1995 and increased further to 2.81 percent and 3.45 percent in 2000 and 2005 respectively. Korea was the fourth biggest supplier to Kuwait. Korea used to be the largest exporter to Kuwaiti import market with value of $124 million in 1990, but lost its top position since then. Export of Korea to Kuwaiti import market stood at $140 million in 1995 and jumped to $271 million in 2000 and further increased to $504 million in 2005, registering a growth of 306 percent during the above period. Share of Korean export in Kuwaiti import market during this period fluctuated from 3.05 percent in 1990 to only 1.97 percent in 1995 and increased to 3.68 percent in 2000 but slightly dropped to 3.25 percent in 2005. UAE had been the next important exporter to Kuwaiti import market which stood at $485 million in 2005. Share of UAE export in Kuwaiti import market dropped from 4.24 percent in 2000 to only 3.13 percent in 2005. Turkey was also a significant supplier of Kuwaiti import market. Turkey's export to Kuwait was $101 million in 1990 and showed a remarkable upturn to $190 million in 1995 but exhibited a significant drop to only $81 million in 2000. However, in 2005 it showed an interesting recovery to $231 million. Export of Turkey to Kuwaiti import market registered an increase by 128 percent during 1990-2005. Share of Turkey's export to Kuwaiti import market kept fluctuating. It was 2.48 percent in 1990, increased to 2.67 percent in 1995 and fell to only 1.10 percent in 2000 and marginally recovered to 1.15 percent in 2005. Pakistan, Singapore, Hong Kong, and Brazil have been among developing countries which also claimed a substantial portion of Kuwaiti import market. Pakistan and Brazil exhibited a continuous increase in export to Kuwaiti import market. Export of Pakistan continuously grew from $15 million in 1990 to $105 million in 2005 where as Brazil increased from $25 million in 1990 to $179 million in 2005. Hong Kong's export to Kuwait stood at $58 million in 2005 and Singapore export to Kuwaiti import market was at $112 million in 2005 which increased from only $58 million in 1990. Thus it is observed that Singapore export strategies in Kuwaiti import market have also been effective with the value increasing year by year.

Thailand had also been an important source of Kuwaiti import market which stood at $85 million in 1990 and registered a growth to $122 million in 1995 and was the fifth largest source of Kuwaiti imports from developing countries. However, export of Thailand to Kuwait decreased to only $72 million in 2000 but gained a massive recovery to $168 million in 2005. Share of Thailand's export to Kuwaiti import market increased by only 97 percent during the above period. Meanwhile Kuwait's total import largely expanded by 280 percent. Thus during the same period the growth of Thailand's export to Kuwait had been much slower than the growth in Kuwait total import. During same period China, India, Korea, Saudi Arabia, UAE, Brazil and Turkey all registered a massive improvement in their shares in Kuwaiti market. This makes it urgent for Thailand to revise strategies and observe closely the changing Kuwaiti market for enhancing her market share in this huge market.

3.3 Thailand's export to Oman.

Oman is a very important country in the gulf situated on the Indian Ocean. A unique feature in Oman is the presence of small but substantial agricultural sector[16]. Oman is also a leading livestock producer in the Arabian Peninsula. Agriculture and Fisheries are Oman's main non-oil exports. In the mid-1970s the oil sector became the backbone of the economy and its main source of income, accounting for around 40 percent of GDP, 80 percent of exports and 75 percent of government revenue. During the past decade, Oman achieved strong economic growth, supported by steady increase in oil production and exports and an

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[16] R.W. Dutton, *The Agriculture Potential of Oman,in Mayzawar Daftari* (ed.), Issues in Development : The Gulf States, MD Research and services Ltd., London, 1980, p 170-184.

expanding and dynamic private sector. Oil remains the principal source of budget revenues and export earnings. The need to diversify the economy and build up reserves for future use is much more pressing in the case of Oman than in other G.C.C. countries, given the country's relatively short horizon of proven and commercially viable oil reserves (16 years at the current rate of extraction)[17]. As a result, to reduce the dependence on oil sector, the Omani government has introduced a massive plan for the diversification of the economic base by expanding natural gas and non-energy industries sector. In this plan Oman is forced to depend largely on import of capital goods and consumer goods. Oman is obviously able to increase its volume of import due to the oil price hike in the global market. In 1990 Omani import stood at $ 2.7 billion which registered a massive upturn to $ 4.3 billion in 1995. During 1995-2000, the Omani import exhibited a small improvement to only $5.3 billion. However, during 2000-2005 it reached almost double to $ 9.6 billion[18].

The data of Thailand's export to Oman is provided in Table 3.7. Where we can observe that Thailand's export to Oman stood at $11 million in 1988 and displayed the small increase to $ 13 and $14 million in 1989 and 1990 respectively. In the following year, it jumped to $22

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17 Henry T. Azzam, *The Arab World Facing the Challenge of the New Milliennium*, I.B. Tauris Publishers London, 2002,p 183.

18 Direction of Trade Statistics, Year Book 1997 and 2003, DOTS Quarterly, September 2006, IMF Publication.

Table 3.7
Trends in Thailand's Exports to Oman (US $ Million)

Year	Thailand's Export to Oman	Thailand's Total Exports	Thailand's Export to Oman as Percentage of Thailand's Total Exports
1988	11	15,910.00	0.07
1989	13	20,175.00	0.06
1990	14	23,072.00	0.06
1991	22	28,811.00	0.08
1992	21	32,472.00	0.06
1993	18	37,158.00	0.05
1994	16	45,583.00	0.04
1995	21	57,210.00	0.04
1996	19	55,743.00	0.03
1997	25	57,560.00	0.04
1998	28	54,489.00	0.05
1999	27	58,491.00	0.05
2000	31	68,916.00	0.04
2001	40	65,112.00	0.06
2002	43	68,851.00	0.06
2003	52	80,521.00	0.06
2004	74	96,244.00	0.08
2005	158	110,107.00	0.14
2006	232	128,216.91	0.18

Sources: Direction of Trade Statistics, Year Book 1993,1995, 1997, 2000, 2002 and 2003, Direction of Trade Statistics Quarterly , September 2004, March 2006 and September 2006, I.M.F. Publication, Washington, D.C. and Bank of Thailand , Bangkok million and again showed a continuous drop to $ 16 million in 1994. Since then its volume significantly improved year by year, except in 1996, and went up to $ 232 million in 2006. Thus, Thailand's export to Oman during this almost two decades increased by many folds.This table also gives data of percentage share of Thailand's export to Oman as compared to Thailand's total export. It is found that Thailand's export to Oman constituted only 0.07 percent of Thailand's total export in 1988.This decreased slightly during 1989-1990 to 0.06 percent. Then this share increased to 0.08 percent in 1991; nevertheless, it decreased continuously to 0.06 percent in 1992 and reached to its lowest level in 1996 to 0.03 percent. After 1996, Thailand's export to Oman as percent of Thailand's total export has been continuously increasing, with exception in 2000 and it constituted its highest level to 0.18 percent in 2006.

The commodity composition of Thailand's export to Oman, Thailand's third largest trading partner among G.C.C. countries is given in table 3.8. Where it is clearly found that the Thailand's largest export item to Oman has been vehicle. It was at $31.22 million in 2004 and registered a massive expansion to $106.03 million in 2005 and again showed a hefty jump to $169.55 million in 2006. The share of vehicles in Thai exports to Oman increased from 42.37 percent in 2004 to 67.21 percent in 2005 and 72.97 percent in 2006. It is estimated that the Thai exports of vehicles to

Table 3.8
Thailand - Exports to Kuwait Millions of US Dollars

Description	2004	2005	2006
Oman	**73.70151906**	**157.7671396**	**232.3610998**
Vehicles, Not Railway	31.22769877	106.0312682	169.5596961
Machinery	18.26577414	20.39117561	30.51420622
Plastic	1.808304872	4.985917627	7.251248186
Electrical Machinery	0.757312065	1.176431634	3.594152222
Manmade Staple Fibers	2.201965703	3.033792968	2.625810941
Knit,Crocheted Fabrics	5.071743336	5.367911236	2.564164465
Furniture And Bedding	0.872514733	1.054870877	2.131221848
Copper+Articles Thereof	0.636025304	0.859655464	2.113225402
Fish And Seafood	0.002280987	0.00060993	1.060142045
Prepared Meat,Fish,Etc	0.58341634	1.095791796	1.051102522
Precious Stones,Metals	0.057563038	0.163576021	0.745569369
Footwear	0.585771045	0.538609178	0.742057322
Iron/Steel Products	4.083401046	3.79921212	0.711838683
Textile Floor Coverings	0.228608488	0.558940623	0.659995207
Manmade Filament,Fabric	0.311653902	0.509498197	0.650776387
Knit Apparel	0.366428724	0.381048493	0.595493387
Rubber	0.367099312	0.396832069	0.531596012
Preserved Food	0.543503072	0.913264262	0.447384748
Ceramic Products	0.330532358	0.347344307	0.430456136
Sugars	0.058930082	0.087084172	0.378298414
Mineral Fuel, Oil Etc	0.213438989	0.158155327	0.359096591
Miscellaneous Food	0.080678007	0.119795677	0.357293041
Beverages	0.139766986	0.161655732	0.289029239

Source : Thai Custom Department

Oman increased by 445 percent during this period. Export of machinery had been the second largest export item from Thailand to Oman. Export of machinery was $18.26 million in 2004 which rose to $20.39 million in 2005 and displayed a massive expansion to $30.51 million in 2006. But its share in Thailand's total export to Oman declined to only 12.93 percent in 2005 and 13.13 percent in 2006 from 24.78 percent in 2004. The third largest export item to Oman was plastic which showed a big growth from $1.8 million in 2004 to $4.98 million in 2005 and $7.25 million in 2006. During this period its share in Thailand's total export products to Oman had almost been steady at nearly 3 percent. Exports of electrical machinery had been the fourth largest export item to Oman which stood at only $0.75 million in 2004 and increased to $1.17 million in 2005 in the following year and set a further expansion to $3.59 million in 2006. It registered a crucial upturn of around 400 percent during these three years. Manmade staple fibers were also an important export item in 2004. Thailand's export of manmade staple fibers to Oman was at $2.20 million in 2004 which became $3.03 million in 2005 and showed a marginal drop to $2.62 million in 2006. Thailand's export of knit, crocheted fabrics used to be the third largest export item to Oman in 2004 which stood at $5.07 million and further increased to $5.36 million in 2005 but it registered a drastic decline to only $2.56 million in 2006. Its share in total Thailand's export to Oman declined from 6.88 percent in 2004 to only 1.1 percent in 2006. The export of furniture and bedding and copper article has also been an important item in Thailand's export to Oman. Exports of furniture increased from $0.87 million in 2004 to $2.11 million in 2006 and copper article also expanded from $10.63 million in 2004 to $2.11 million in 2006. It can be said that the value of export of these two items is very small but it showed the market potential in Oman identified by the substantial growth. Precious stones, metal, sugars, mineral fuel, oil, miscellaneous food and beverages were among the products which exhibited a substantial growth in Omani market. There are other important export items from Thailand to Oman, namely fish and seafood, footwear, textile, floor covering, manmade filament, knit apparel, rubber and ceramic products which constituted a significant portion of Thailand's export to Oman. However, there are several products with not only a small share but also displayed a declining trend like prepared meat, fish, iron and steel products and preserved food.

The data of Omani import is provided in table 3.9. Where we can observe the competition in the Omani import market by both developed and developing countries. Besides, the percentage share of the countries in the Omani market is given in the table 3.9A. From the table it can be clear that the size of Omani import market is relatively small as compared to other G.C.C. member countries. However, the size of global Omani import has continuously been increasing. In 1990 global Omani

Table: 3.9
Direction of Omani Imports and Thailand's Competitors in Omani Market(US$ million)

Country	1990	1995	2000	2005
Total	**2,726**	**4,248**	**5,330.70**	**9,682.9**
Industrial Countries	1,635	2,325	2,403.30	4,842.5
United States	251	276	220.44	652.52
Japan	455	670	815.97	1,523.14
France	115	165	95.48	263.92
Germany	132	216	205.17	556.83
Italy	44	82	104.69	189.84
United Kingdom	308	445	457.93	746.76
Developing Countries	1,046	1,919	2,927.10	4,840.5
China	11	38	76.52	210.09
India	75	141	155.82	407.38
Korea	26	109	192.50	334.74
Pakistan	17	33	54.93	78.51
Singapore	51	36	43.35	98.68
Thailand	17	24	34.35	173.67
Turkey	11	19	26.96	43.96
Saudi Arabia	58	162	206.53	342.98
Unite Arab Emirates	622	1,012	1,706.16	2,166.87
Brazil	3	11	52.04	58.73
Bahrain	24	19	27.81	220.08

Sources: Direction of Trade Statistics(DOTS) Year book 1997,2003 and DOTS Quarterly March 2006, I.M.F. Publication, Washington D.C.

Table: 3.9A
Direction of Omani Imports and Thailand's Competitors in Omani Market(Percentage)

Country	1990	1995	2000	2005
Total	**100.00**	**100.00**	**100.00**	**100.00**
Industrial Countries	59.98	54.73	45.08	50.00
United States	9.22	6.50	4.14	6.73
Japan	16.69	15.77	15.31	13.72
France	4.22	3.88	1.79	2.71
Germany	4.84	5.08	3.85	5.74
Italy	1.61	1.93	193	1.95
United Kingdom	11.30	10.84	8.59	7.70
Developing Countries	38.37	45.17	54.92	49.98
China	0.40	0.89	1.44	2.16
India	2.75	3.32	2.92	4.20
Korea	0.95	2.57	3.61	3.44
Pakistan	0.62	0.78	1.03	0.80
Singapore	1.87	0.85	1.01	1.01
Thailand	0.62	0.56	0.81	1.78
Turkey	0.62	0.45	0.51	0.44
Saudi Arabia	2.13	3.18	3.87	3.53
Unite Arab Emirates	22.82	23.82	32.01	22.36
Brazil	0.11	0.26	0.98	0.59
Bahrain	0.88	0.45	0.52	2.27

Sources: Direction of Trade Statistics(DOTS) Year book 1997,2003 and DOTS Quarterly March 2006, I.M.F. Publication, Washington D.C.

import stood at $2,726 million, which increased to $4,248 million in 1995 and to $5,330 million in 2000. It registered a further expansion to $9,683 million in 2005. Obviously, Omani import market had mainly been supplied by industrial countries. The value of industrial countries in Omani imports stood at $1,635 million in 1990 which significantly increased to $2,325 million in 1995 and it further expanded to $2,403 million in 2000. In 2005 the value of industrial countries export to Omani market displayed a massive upturn, more than double from 2000 and stood at hefty $4,842 million. As a result, during this period, the percentage of industrial countries export growth to Omani import market grew by 196 percent. However, its share in Omani market kept declining. The share of industrial countries in Omani import market stood at around 60 percent in 1990 which declined to 54.73 percent in 1995 and further fell to only 45 percent in 2000. But its share gained relatively big recovery to 50 percent in 2005 but it was still lower than its share in 1990.

It can be said that developing countries had taken the huge advantage from the falling share of industrial countries in Omani market. Therefore, the share of developing countries in Omani import market kept increasing. It stood at only 38 percent in 1990 which increased to 45 percent in 1995 and further increased to 54 percent in 2000 but in 2005 it had a share of only 49 percent.

Among the industrial countries, Japan had been the largest source of Omani import. The value of Omani import from Japan was $445 million in 1990 which set a significant expansion to $670 million in 1995. Moreover, export of Japan to Omani import market showed an upturn to $815 million in 2000 which registered an unexpected growth to hefty $1,523 million in 2005. Thus, during the given period Japan's export to Oman grew by 242 percent. Despite the value of Japanese export to Omani import market continuously increasing, the percentage share of Japan's export in Omani market registered a marginal downturn. Japanese share in Omani import market stood at 16.69 percent in 1990 and slightly decreased to 15.77 percent in 1995 and further fell to 15.31 percent in 2000. In 2005, Japan's share in Omani import market touched the lowest level at only 13.72 percent. UK has been the second largest exporter, among industrial countries to Omani import market. The value of UK export to Oman constituted $308 million in 1990 and grew to $445 million in 1995 and marginally expanded to $457 million in 2000. Export of UK to Oman showed a massive expansion to $746 million in 2005. Consequently, during this period, the percentage growth of UK's export to Omani market exhibited growth of 142 percent. Though the UK's export to Oman increased during this period but the percentage share of UK in Omani import market declined continuously. UK's share in Omani import market was 11.30 percent in 1990 and fell marginally to 10.84 percent in 1995 and further decreased to 8.59 percent and 7.70 percent in 2000 and 2005, respectively. US has been the third largest among industrial countries to export to Omani import market. The US export value to Oman was $251 million in 1990 which increased to $276 million in 1995 but fell to $220 million in 2000. In 2005, US export to Omani market gained recovery to $625 million. As a result, during this period the US exports to Oman registered a growth of 159 percent. But its share kept continuously declining which stood at 9.22 percent in 1990 and fell to 6.50 percent in 1995 and further decreased to only 4.41 percent in 2000. Nonetheless, it registered a relatively big recovery to almost 7 percent in 2005, larger than the 1995 share. Germany has been the next important source of Omani import. Export of Germany to Omani market was $132 million in 1990 which climbed to $216 million in 1995 and set a slight drop to $205 million in 2000 but gained a massive recovery to $556 million in 2005. During the period 1990-2005, it registered a growth of 321 percent. Its share in Omani import market kept fluctuating which was at 4.84 percent in 1990 and rose to 5.08 percent in 1995 and dropped to 3.85 percent in 2000 and again showed a recovery to 5.74 percent in 2005. The other important exporter to Oman from the industrial countries has been France with $115 million of exports in 1990 which showed a massive increase to $263 million in 2005, registering a growth of 128 percent. However, its share was only 2.71 percent in 2005. The Omani imports from Italy remained very low in 1990. It was only $44 million in 1990 and increased to $82 million in 1995 and slightly rose to $104 million in 2000. In 2005, it registered a sudden growth to $189 million. The share of Italy in Omani import market held almost steady at around 2 percent from 1990 to 2005.

From the developing countries, United Arab Emirates (UAE) has been the largest exporter in Omani import market. Not only among developing countries but also from all exporters across the world, UAE has been the largest source of Omani imports. Export of UAE to Omani import market stood at $622 million in 1990 and massively expanded by nearly two times to $1,261 million in 1995. The value of UAE export to Oman increased to $1,706 million in 2000 and further rose to $2166 million in 2005. During 1990-2005, the UAE exports to Oman increased by 248 percent. The share of UAE export in Omani import market constituted at 22.82 percent in 1990 and marginally increased to 23.82 percent in 1995 and further jumped to 32.01 percent in 2000, but exhibited a relatively big drop to only 22.36 percent in 2005. Despite being decreased in percentage share, UAE still remained the largest source for Omani import market. Omani imports from UAE are mostly the re-exports from UAE. Other significant suppliers for Omani import market from developing countries are India and Saudi Arabia. The value of India's exports to Omani market was $75 million in 1990 which managed a pronounced expansion to $141 million in 1995 and further increased to $155 million in 2000. Moreover, unexpected growth of Indian export to Omani import market was shown in 2005 where its value constituted a hefty $407 million. As a result, during this period, it exhibited the growth of 442 percent. In terms of Indian share in Omani import market, it kept fluctuating standing at 2.75 percent in 1990 and then slightly increased to 3.32 percent in 1995 and again registered a small drop to 2.92 percent in 2000 but gained a significant recovery to 4.20 percent in 2005. The value of Saudi Arabia in Omani import market also showed an increasing trend. It was at $58 million in 1990 and remarkably expanded to $162 million in 1995 and rose to $206 million in 2000 and further climbed to $342 million in 2005. Between 1990-2005, percentage of growth was 489 percent. The share of Saudi Arabia in Omani import market stood at 2.13 percent in 1990 which expanded to 3 percent in 1995. In 2000, the share of Saudi Arabia in Omani import market exhibited a further increase to 3.87 percent. But it registered a downturn to 3.53 percent in 2005. Along with Saudi Arabia and India, Korea had also been a potential exporter to Omani import market. The growth rate of Korea in Omani import market surged rapidly which was only $26 million in 1990 and massively jumped to $109 million in 1995 and reached to $334 million in 2005. Consequently, Korean share in Omani import market was 0.92 percent in 1990 which showed a marked increase to 2.57 percent in 1995 and further increased to 3.61 percent in 2000 but in 2005 share of Korea in Omani import market decreased slightly to 3.44 percent. The export of China to Oman has also been rising continuously. Chinese export to Oman was $11million in 1990 which increased to $38 million in 1995 and to $76 million in 2000. In 2005, it significantly increased to $210 million. The share of Chinese export to Oman market was only 0.40 percent in 1990 and expanded to 0.89 percent in 1995 and again increased significantly to 1.44 percent in 2000 and further to 2.16 percent in 2005. Brazil was also a country whose exports to Oman had been increasing. The share of Brazil export to Oman market stood at 0.11 percent in 1990 and expanded to 0.26 percent in 1995 and further to 0.98 percent in 2000 but decreased to only 0.59 percent in 2005. The share of Singapore in the Oman import was 1.87 percent in 1990 which came down to only 0.59 percent in 2005. However, the share of Thailand in the Omani import market had been increasing, except in 1995. It was only 0.62 percent in 1990 which marginally dropped to 0.56 percent in 1995 and gained a recovery to 0.81 percent in 2000 and further increased to 1.78 percent in 2005. The value of Thailand's export to Oman has been continuously rising year by year increasing from $17 million in 1990 to $24 million in 1995 and further to $34.35 million in 2000. After five years, in 2005 export of Thailand showed a great potential by increasing to $173.67 million. Thus, during the above period, the percentage of growth of Thailand exports to Oman increased by 917 percent. However, the export volume of Thailand to Oman constituted a very slow and marginal growth as compared to other competitive developing countries like India, China and Korea. These countries registered much larger share than Thailand. Therefore, Thailand's export strategies need to be revised immediately to trigger more share in this considerably potential market.

3.4- Thailand's Export to Qatar.

Qatar is one of the smaller countries of the gulf. It has also a small population. Despite being very small in size and population, Qatar has a high economic profile. Qatar's per capita gross national income has always been among the highest in the world. This has made Qataris one of the richest in the world[19]. Qatar has a very substantial amount of natural resources, which provide this small country important position in the G.C.C. countries. Qatar has the second largest resource of natural gas in the world. Qatar's oil and gas account for more than 55 percent of its GDP, roughly 85 percent of exports earning and about 70 percent of Government revenues. Oil and gas has given Qatar a per capita GDP comparable to that of the leading West European industrial countries. Since 2000 Qatar has consistently posted trade surpluses largely because of high oil prices. Qatar has the largest reserve of gas among OAPEC members and Arab Countries as well[20]. Therefore, Qatar Government set a plan to increase natural gas

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[19] Muhammad Azhar, *Contemporary Gulf Economies and Indo-Gulf Relations*, New Horizon Publisher,1999, P 71.

[20] Ibid, p 77.

export and Qatar economy is expected to receive an added boost as it began to increase liquid natural gas exports[21].

The massive amount of revenue from oil and gas exports enabled the Qatari Government to spend more money on its basic economic infrastructure improvement to facilitate the ongoing diversification programmes. This in turn resulted in the increase in the size of Qatari imports. Looking at Qatari imports, it is found that Qatar imports constituted $1,696 million in 1990 and registered a massive increase to $3,017 million in 1995. In 2000, Qatari import showed a marginal increase to $3,252 million but displayed a hefty growth to $10,399 million in 2005[22]. It can be described that during 1990-2005 Qatari import showed a significant growth, almost ten times. The volume of Qatari import is likely to increase year by year. As a result, it is a great opportunity for Thai's export to catch and exploit this huge demand. In order to assess the export potentials of new products and increasing volume of existing product in the export market to Qatar, it would be very useful to study and observe the trend of Thai's export to Qatar. The trend of Thai's exports to Qatar and Thai's export to Qatar as percentage of Thailand's total export are provided in table 3.10.

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21 Qatar country profile from IDF file of Qatar Economy.

22 DOTS, IMF publication, various issues.

Table 3.10
Trends in Thailand's Exports to Qatar (US $ Million)

Year	Thailand's Export to Qatar	Thailand's Total Exports	Thailand's Export to Qatar as Percentage of Thailand's Total Exports
1988	6	15,910.00	0.04
1989	7	20,175.00	0.03
1990	26	23,072.00	0.11
1991	10	28,811.00	0.03
1992	9	32,472.00	0.03
1993	11	37,158.00	0.03
1994	11	45,583.00	0.02
1995	61	57,210.00	0.11
1996	15	55,743.00	0.03
1997	13	57,560.00	0.02
1998	17	54,489.00	0.03
1999	17	58,491.00	0.03
2000	21	68,916.00	0.03
2001	19	65,112.00	0.03
2002	22	68,851.00	0.03
2003	28	80,521.00	0.03
2004	50	96,244.00	0.05
2005	112	110,107.00	0.10
2006	195	128,216.91	0.15

Sources: Direction of Trade Statistics, Year Book 1993, 1995, 1997, 2000, 2002 and 2003, Direction of Trade Statistics Quarterly, September 2004, March 2006 and September 2006, I.M.F. Publication, Washington, D.C. and Bank of Thailand, Bangkok

From the table it can be observed that Thailand exports to Qatar from 1998 to 2005 had been very small and kept fluctuating all the time. In 1988 and 1989 the Thai's export volume was only \$6 & \$7 million respectively. But in 1990 it rose suddenly by four times to \$26 million. Thailand's export to Qatar as percentage of Thailand's total export stood at only 0.11 percent in 1990 increasing from 0.03 percent in 1989. Again the size of trade registered a drop to \$10 million in 1991. As the volume of Thailand's total exports has been improving but the volume of Thailand's export to Qatar seemed to be steady and moderate. Till 1995 Thailand's total exports rose tremendously from \$45,583 million in 1994 to \$57,210 million in 1995.So it had clearly influenced the export volume to Qatar which also significantly increased to \$61 million, nearly six times from the previous years. Since then exports to Qatar had declined, it ranged between \$13-\$28 million during 1997-2003 in which Thailand's export to Qatar as percentage of Thailand's total export remained almost constant, stood at only 0.02-0.05 percent, despite the total of Thailand's export increasing. However, in 2004 Thailand's export to Qatar registered a tremendous improvement and had reached to \$50 million and then to \$112 million in 2005. Thailand's export to Qatar as percentage of Thailand's total export was estimated at 0.10 percent in 2005. In 2006 it further grew to \$195 million whereas its percentage share increased to 0.15 percent.

The commodity composition of Thailand's export to Qatar, is provided in table 3.11. The table makes it clear that Thailand's export to Qatar exhibit an increasing trend. The Thailand's largest export item to Qatar has been vehicle which also exhibited a massive growth during this period. It stood at $9.87 million in 2004 and increased to $31.02 million in 2005 and registered a hefty expansion to $82.06 million in 2006. Its share in Thailand's total export product to Qatar also increased significantly from 19.98 percent in 2004 to 27.64 percent in the following year and set a big jump to 42 percent in 2006. Iron, steel products remained the second largest item of Thailand's export to Qatar which observed a pronounced growth. Export of iron, steel product was $2.74 million in 2004 which significantly grew to $22.78 million in the following year. In 2006 it also observed a big expansion to $31.29 million during this period. The share of iron and steel product in Thailand's total export items to Qatar had been fluctuating which stood at only 5.54 percent in 2004 and drastically rose to 20.3 percent in 2005 but shrinked to only 16.01 percent in 2006. Export of machinery has been the Thailand's third largest export item to Qatar. It stood at $13.35 million in 2004 and increased to $25.70 million in 2005 and further expanded to $29.54 million in 2006. Although its value of export had been increasing but its share in Thailand's total export item to Qatar continuously came down. It stood at 27.01 percent in 2004 which fell

Table 3.11
Thailand - Exports to Qatar Millions of US Dollars

Description	2004	2005	2006
Qatar	**49.45808179**	**112.2556606**	**195.4201315**
Vehicles, Not Railway	9.879351332	31.02229738	82.06627805
Iron/Steel Products	2.741284179	22.78517753	31.29121492
Machinery	13.35637239	25.70913522	29.54492558
Aluminum	1.301827734	0.698801989	7.590545082
Electrical Machinery	0.718434959	1.444261734	6.908284776
O Specl Impr Provisions	1.738717435	6.545883723	6.383792728
Precious Stones,Metals	4.652358306	4.762048848	4.788431597
Iron And Steel	1.203570048	0.254936189	3.146243295
Rubber	0.514668999	2.65684665	3.093967177
Salt;Sulfur;Earth,Stone	0.001303971	0.003727595	2.867446903
Prepared Meat,Fish,Etc	1.170371599	1.887059711	2.654644136
Cereals	0.780614286	0.851756574	1.528193434
Paper,Paperboard	0.378514328	0.89369943	1.199898748
Plastic	0.673054269	0.916207544	0.996365931
Knit Apparel	0.725002669	1.031425313	0.927616273
Miscellaneous Food	0.310316711	0.490784133	0.847658307
Ceramic Products	0.287117766	3.967509104	0.771446375
Preserved Food	0.497435042	0.480592629	0.754675486
Furniture And Bedding	0.453907276	0.661814465	0.688009513
Textile Floor Coverings	0.26143418	0.233143194	0.632687988
Woven Apparel	0.660001573	0.618164552	0.616143164
Misc Textile Articles	0.177801987	0.324877818	0.547927103
Copper+Articles Thereof	0.23521872	0.520525405	0.531975884

Source of data: Thai Customs Department

to 22.9 percent in 2005 and further declined to only 15.12 percent in 2006. The Thailand's fourth largest export products to Qatar had been aluminium. Its value of export was $1.30 million in 2004 which declined to only $0.69 million in 2005. Nevertheless, it registered a massive expansion by around seven times and stood at $7.59 million in 2006. Thus, during this period it registered around 483 percent of growth. Its share in Thailand's total export to Qatar was 2.63 percent in 2004 but drastically dropped to only 0.62 percent in 2005 and showed a significant recovery to 3.54 percent in 2006. Export of precious stones, and metals used to be the Thailand's fourth largest export item to Qatar in 2004 which constituted at $4.65 million and increased marginally to $4.76 million in 2005 and $4.78 million in 2006. Despite its value continuously increasing though marginally, the export of precious stones and metals remained only the seventh largest export item to Qatar in 2006. Its share in total export of Thailand to Qatar registered a significant decline from 9.41 percent in 2004 to only 2.45 percent in 2006. Iron and steel, salt, sulfur, earth , stone, textile floor coverings were among the Thai's export products which registered growth in Qatari market during the given period. Iron and steel showed a big jump from $0.25 million in 2004 to $3.14 million in 2006. Thus, during these two years it exhibited up to 1,134.13 percent of growth. Export of salt, sulfur, earth and stone also displayed massive expansion in these three years from $0.001304 million in 2004 to hefty $2.86 million in

2006. Export of textile floor covering has also been substantial in Qatari market; it stood at $0.26 million in 2004 and fell to $0.23 million in 2005 and significantly recovered to $0.63 million in 2006. Rubber, prepared meat and fish, cereal, paper, plastic, miscellaneous food, preserved food, furniture, textile articles and copper were also the significant products to get more access to Qatari market. However, knit apparel, ceramic products and woven apparel exhibited a declining trend of Thailand's export item to Qatar.

The direction of Qatari import is provided on table 3.12. This table shows the competition in Qatari import market by various countries. Also the percentage share of the countries in the Qatari import market is given in table 3.12A. From this table it is found that the value of Qatar's total import was $1,696 million in 1990 which went for huge expansion to $3,017 million in 1995 and further increased to $3,252 million in 2000. Since then it observed a massive growth and within five years and Qatari import jumped to $10,399 million in 2005. Obviously, industrial countries claimed very significant share and this market is mainly supplied by industrial countries. Exports of industrial countries to Qatari import market were $1,216 million in 1990 which increase to $2,282 million in 1995 and then it showed a slowdown to $2,010 million in 2000. After that Qatari imports from industrial countries increased rapidly and touched to $6,793

Table: 3.12
Direction of Qatari Imports and Thailand's Competitors in Qatari Market (US$ million)

Country	1990	1995	2000	2005
Total	**1,696**	**3,017**	**3,252**	**10,399**
Industrial Countries	1,216	2,282	2,010	6,793
United States	161	246	335	1,085
Japan	248	297	358	1,087
France	80	253	178	1,200
Germany	131	326	266	869
Italy	159	453	219	677
Spain	16	40	42	93
United Kingdom	246	255	253	727
Developing Countries	477	724	1,242	3,558
China	17	31	97	224
India	30	32	92	265
Korea	24	46	147	573
Singapore	34	32	14	128
Thailand	14	17	35	124
Turkey	9	18	18	90
Malaysia	15	12	41	106
Saudi Arabia	69	108	183	758
United Arab Emirates	50	152	225	504

Sources: Direction of Trade Statistics (DOTS) Year book 1997,2003 and DOTS Quarterly March 2006, I.M.F. Publication, Washington D.C.

Table: 3.12A
Direction of Qatari Imports and Thailand's Competitors in Qatari Market(Percentage)

Country	1990	1995	2000	2005
Total	**100**	**100**	**100**	**100**
Industrial Countries	71.70	75.64	61.81	65.32
United States	9.49	8.15	10.30	10.43
Japan	14.62	9.89	11.01	10.45
France	4.72	8.39	5.47	11.53
Germany	7.72	10.81	8.18	8.35
Italy	9.38	15.01	6.73	6.51
Spain	0.94	1.33	1.29	0.89
United Kingdom	14.50	8.45	7.78	6.99
Developing Countries	28.13	24.00	38.19	34.21
China	1.01	1.03	2.98	2.15
India	1.77	1.06	2.83	2.54
Korea	1.42	1.52	5.35	5.51
Singapore	2.01	1.06	0.43	1.23
Thailand	3.30	2.17	7.65	1.19
Turkey	0.53	0.60	0.55	0.86
Malaysia	0.88	0.40	1.26	1.01
Saudi Arabia	4.07	3.58	5.63	7.28
United Arab Emirates	2.95	5.04	6.92	4.84

Sources: Direction of Trade Statistics(DOTS) Year book 1997,2003 and DOTS Quarterly March 2006, I.M.F. Publication, Washington D.C.

million in 2005. As a result, during this pertained period, the export growth by industrial countries to Qatar registered by 458 percent. Share of industrial countries in Qatari import market was 71.70 percent in 1990 which rose to 75.64 percent in 1995. In 2000, it fell to 62 percent but gained a marginal recovery to 65.32 percent in 2005. Among industrial countries, the biggest supplier of Qatari import market was France. The value of France' export to Qatar stood at only $80 million in 1990 which significantly expanded to $253 million in 1995 and declined to $178 million in 2000. After that French exports to Qatar exhibited a remarkable expansion and has increased to $1,200 million in 2005. During this given period, the percentage growth of French export in Qatari import market constituted a hefty 1,400 percent. Share of French export in Qatari import market was only 4.72 percent in 1990 which climbed to 8.39 percent in 1995 and fell to 5.47 percent in 2000. After five years, it registered a massive improvement to 11.53 percent. The second largest exporter to Qatari import market was Japan in 2005. Japan's export to Qatar was only $248 million in 1990 and increased to $297 million in 1995 and showed a significant drop to only $358 million in 2000. After five years, it registered a tremendous growth which had reached a hefty $1,087 million in 2005. It is clear that Japan's export performance in Qatari import market showed remarkable success. Its percentage growth during this period registering 338 percent. On the contrary, its share in Qatari import market remained fluctuating which was at 14.62 percent in 1990 and fell to 9.89 percent in 1995. Between 2000-2005, it held almost steady at nearly 11 percent. Therefore, exports of Japan to Qatar kept increasing in value term but its percentage share had been continuously declining. It means that Japan's exports to Qatar were not expanding as rapidly as Qatari imports. United States of America has been the third biggest source of Qatari import market. Export of US to Qatar was $161 million in 1990 which increased to $246 million in 1995 and rose to $335 million in 2000. Since then it constituted an unexpected growth and touched to $1,088 million in 2005. During 1990-2005 its export to Qatar registered a 573 percent growth. Share of US in Qatari import market was 9.49 percent in 1990 which slightly fell to 8.15 percent in 1995 and gained recovery to 10.30 percent in 2000 and further increased to 10.43 percent in 2005. The Qatari import from Spain was very small. In 1990, it was only $16 million which registered a massive increase to $40 million and $42 million in 1995 and 2000 respectively. In 2005, it constituted a marked improvement to $93 million. During this period, it registered percentage growth by 481 percent. Still it claimed very low level of share which was only 0.94 percent in 1990 and rose to 1.33 percent in 1995 and dropped to 1.29 percent in 2000 and further fell to only 0.89 percent in 2005. Other important industrial countries to have a substantial share in Qatari import market were Germany, UK and Italy. The share of Germany in Qatari import market was 7.72 percent in 1990 and improved slightly to 8.35 percent in 2005. The share of UK in Qatari import market showed continuously declining trend from 14.50 percent in 1990 to only 6.99 percent in 2005. The share of Italy in Qatari import market also exhibited a downturn, except in 1995 which claimed the highest level with 15.01 percent.

Although the size of exports of developing countries to Qatari market was increasing but their share has been declining. Export by developing countries stood at $477 million in 1990 which expanded to $724 million in 1995 and to $1,242 million in 2000 which further increased $3,558 million in 2005. During this period, export of developing countries registered a massive growth of 645 percent. The share of developing countries in Qatari import market was 28 percent in 1990 which decreased to 24 percent in 1995 and then it expanded to 38 percent in 2000 and again it slightly declined to 34 percent in 2005. Among the developing countries, the largest source of Qatari imports was Saudi Arabia in 2005. Export of Saudi Arabia to Qatari market was only $69 million in 1990 and increased to $108 million in 1995 and continued to expand to $183 million in 2000 and further increased to hefty $758 million in 2005. During this period, Saudi Arabia's exports to Qatar increased by 998 percent. Although the value of Saudi Arabia's export to Qatar had increased, but their share always kept fluctuating. Share of Saudi Arabia's exports to Qatari import market was 4.07 percent in 1990 which marginally fell to 3.58 percent in

1995 and gained recovery to 5.63 percent in 2000 and further increased to 7.28 percent in 2005. Second largest exporter to Qatar among developing countries was Korea in 2005. Export of Korea increased from only $24 million in 1990 to $46 million in 1995. In 2000, it faced many folds increase and had reached to $174 million and again showed a tremendous growth, nearly five times, to touch $573 million in 2005. Thus, during this given period, growth registered by Korean export in Qatar was 2,287 percent, much faster than the growth of Qatar's total import in the same period. Share of Korean export to Qatar also showed increasing trends. Share of Korean export to Qatar was only 1.42 percent in 1990 and exhibited a massive growth to 5.15 percent in 2005. Among the developing countries United Arab Emirates (UAE) was the third largest source of Qatari imports. Export of UAE to Qatar was $50 million in 1990 which increased to $512 million in 1995 and to $225 million in 2000 which further increased to $504 million in 2005. As a result, during this period UAE exports to Qatar registered growth by hefty 908 percent, which was faster than the increase of Qatar's total imports during the same period. Share of UAE in Qatari import market was 2.95 percent in 1990 which increased to 5.04 percent in 1995 and to 6.92 percent in 2000 but decreased to 4.84 percent in 2005. UAE exports to Qatar are mainly her re-exports. India has been the next largest exporter to Qatar among developing countries. Export of India was $30 million in 1990 which increased to $32 million in 1995 which massively expanded to $92 million in 2000. It further increased to $265 million in 2005. During this period Indian exports increased by 783 percent. Share of India in Qatari import market dropped from 1.77 percent in 1990 to 1.06 percent in 1995 and gained a massive recovery to 2.83 percent in 2000 and again fell marginally to2.54 percent in 2005. China is also an important source of Qatari import. Share of Chinese export in Qatari import market had been increasing, except in 2005. In 1990, its share was 1.01 percent and increased to 1.03 percent in 1995 and then expanded to 2.98 percent in 2000. Chinese export value between 1990-2005 increased by 1,217 percent. Despite having a small share the value of Chinese export showed tremendous growth in Qatari import market. Other developing countries like Singapore, Malaysia and Turkey are also striving to increase their share in Qatari import market and they are giving tough challenge to Thailand in the Qatari market. From the table, Thailand is among the developing countries continuously struggling to get more access in Qatari import market. Despite having a tiny share in Qatari market, the Thailand export value showed remarkable trends and its value had been continuously increasing. Export of Thailand to Qatar was only $14 million in 1990 and rose to $17 million in 1995 and further expanded to $35 million in 2000. After five years it constituted an unexpected growth and had reached to $124 million in 2005. The percentage of growth in Thai exports to Qatar during 1990-2005 by 785 percent was faster than the rate of growth in Qatar's total import during the above period. However, Thailand still needs to monitor the overall factors which probably affect the Thailand's export performance in Qatari import market, such as competitors from both developing and developed countries, developing its own product quality to be on the top competitiveness and so on.

3.5- Thailand's Exports to Saudi Arabia.

Saudi Arabia is the largest country in terms of size, population, and economy among the member of Gulf Cooperation Council (G.C.C.) countries. Saudi Arabia has massive oil reserves and it is the largest producer within the Organization of the Petroleum Exporting Countries (OPEC). To Saudi Arabia each barrel of oil in the ground is part of the countries total capital stock much like a computer or a cement plant. The only difference is that oil is not reproducible, the stock of known resource, given a state of technology and an oil price, can not be increased without further investment[23]. Since the oil boom in the 1970s, the government has dominated the Saudi Arabian economy; the main engines behind economic growth in Saudi Arabia are oil revenues and the government spending of those revenue. However, with the fall in the oil price in the 1980s, the Saudi government began to promote economic

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23 Ragaei El Mallakh, Dorothea H. El Mallakh, *Saudi Arabia Energy Developmental planning, and Industrialization*, Lexington Books D.C. Heath and Company Lexington, Massachusetts, Toronto, p 6

liberalization, aiming in particular to reduce the role of the state in the economy. The actual pace of reform, however, was very slow; the measures were mostly insubstantial, and their implementation tended to be piecemeal[24]. Saudi Arabia has received massive revenue from petroleum exports, particularly since the dramatic increase in international petroleum prices in 1973-74, which it has used, in part, to finance an ambitious programme of infrastructural development and modernization as well as far reaching programmes for health, social and educational purposes[25]. The massive revenue from oil pushes the country to be substantial and influenting economy in the globe. All kind of ambitious programme and further diversification of its economy brings her to be so much dependent on import. This massive oil revenue provides a significant importing capacity to Saudi Arabia. Thailand's economic relation to Saudi Arabia is not new, but it has been trapped into the trouble since last decade. Therefore, economic cooperation among the two seemed to be standstill and static which directly affected the exports. It can be observed by looking to the export volume since the last decade which is provided in the Table 3.13.The information available pertains to the period 1988-2006. Where it is found that the volume has always been fluctuating. Thailand's

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24 Tim Niblock, *Saudi Arabia (power, legitimacy and survival)*, Routledge, New York, 2006, p 122

25 Europaworld, 2006 p 976.

Table 3.13
Trends in Thailand's Exports to Saudi Arabia (US $ Million)

Year	Thailand's Export to Saudi Arabia	Thailand's Total Exports	Thailand's Export to Saudi Arabia as Percentage of Thailand's Total Exports
1988	356	15,910.00	2.24
1989	360	20,175.00	1.78
1990	321	23,072.00	1.39
1991	445	28,811.00	1.54
1992	384	32,472.00	1.18
1993	502	37,158.00	1.35
1994	434	45,583.00	0.95
1995	567	57,210.00	0.99
1996	458	55,743.00	0.82
1997	394	57,560.00	0.68
1998	327	54,489.00	0.60
1999	333	58,491.00	0.57
2000	297	68,916.00	0.43
2001	348	65,112.00	0.53
2002	394	68,851.00	0.57
2003	436	80,521.00	0.54
2004	617	96,244.00	0.64
2005	1044	110,107.00	0.91
2006	1253	128,216.91	0.97

Sources: Direction of Trade Statistics, Year Book 1993, 1995, 1997, 2000, 2002 and 2003, Direction of Trade Statistics Quarterly, September 2004, March 2006 and September 2006, I.M.F. Publication, Washington, D.C. and Bank of Thailand, Bangkok.

exports to Saudi Arabia constituted $356 million in 1988 which rose to $360 million in the following year. In 1990 Thailand's exports to Saudi Arabia registered a relative downturn to $321 million, but it showed a pronounced expansion to $445 million in 1991. Again, in 1992 it suffered a drastic drop to $384 million which again showed relative big increase to $502 million in the following year. In 1994 it fell to $434 million and displayed a considerable recovery to $567 million. Although Thailand's global export has been continuously increasing, but share of Thailand's exports to Saudi Arabia showed a much fluctuating tendency. Since 1995 size of Thailand's exports to Saudi Arabia had been continuously declining which stood at the lowest level at $297 million in 2000. Since then it showed gradual recovery at $348 million and $417 million in 2003 and 2004, respectively. The remarkable upturn took place in 2004, stood at $617 million and displayed a further increase to hefty $1,004 million in 2005 and $1,253 million in 2006. This table also provides information about the percentage share of Thailand's exports to Saudi Arabia as compared to Thailand's global export. It is observed that Thailand's exports to Saudi Arabia as compared to Thailand's global export stood at 2.24 percent in 1988 which is identified to be the maximum level in the overall given period. In the following year it came down to 1.78 percent and further decreased to 1.39 percent which marginally recovered to 1.54 percent. However, it fell to 1.18 percent in 1992 and again registered a slight recovery to 1.35 percent in 1993. Since then it displayed a negative fluctuation which stood at 0.95 percent in 1994 and constituted a small improvement to 0.99 percent in the following year. Since then the percentage share had been continuously going down which stood at the lowest level at 0.43 percent in 2000. During 2001-2003 it had been static and modest at an average of 0.55 percent which rose to 0.64 percent in 2004. In 2005 Thailand's export to Saudi Arabia increased to almost double from the previous year. With the big increase in Thailand total export, the percentage share of Thailand's export to Saudi Arabia improved to 0.91 percent in 2005 and slightly increased to 0.97 percent in 2006.

It can be described that during 1988-2006 Thailand's exports to Saudi Arabia grew by 252 percent whereas during the same period Thailand's global export grew by around 706 percent. Since 1988 Thailand's total export improved substantially whereas Thailand's exports to Saudi Arabia has always been fluctuating, except in 2004-2006 when it registered a respectable growth. This growth can be attributed to the gradual restoration of diplomatic relations between the two countries after gem scandal and Saudi businessmen's disappearance in Thailand. As a result, all kinds of economic cooperation, including export was expected to be also restored and brought back on track in the near future.

The commodity composition of Thailand's export to Saudi Arabia has been given in table 3.14. Where it is clearly found that the Thailand's most substantial export item to Saudi Arabia has been vehicles. It stood at $152.21 million in 2004 which saw a massive expansion to $470.12 million in 2005 and again registered a remarkable upturn to $621.96 million in 2006. Therefore, during this period, its growth registered at around 308 percent. The share of vehicles in Thailand's total export to Saudi Arabia had also been substantial which stood at 24.74 percent in 2004 and increased to 46.84 percent in 2005 and marginally upturned to 49.66 percent in 2006. The Thailand's second largest export item to Saudi Arabia had been machinery. Export of machinery stood at $130 million in 2004 and increased to $180 million in 2005 and further grew to $193.94 million in 2006. Consequently, it displayed a pronounced expansion of 48 percent during this given period. The share of Thailand's total export item to Saudi Arabia had been continuously decreasing and stood at 21.26 percent in 2004 and dropped to 18.03 percent in 2005 and further declined to 15.48 percent in 2006. Export of iron and steel was the third largest export item to Saudi Arabia. Thailand's export of iron and steel stood at $10.06 million in 2004 and registered a downturn to $8.65 million in 2005 and showed a substantial recovery to $53.76 million in 2006. Thailand's exports of iron and steel to Saudi Arabia constituted only

Table 3.14
Thailand - Exports to Saudi Arabia (Millions of US Dollars)

Description	2004	2005	2006
Saudi Arabia	**615.2753604**	**1003.745644**	**1252.550783**
Vehicles, Not Railway	152.2114029	470.1296703	621.9602921
Machinery	130.7858239	180.9643472	193.9485671
Iron And Steel	10.06946577	8.657162822	53.76097855
Prepared Meat,Fish,Etc	34.24745257	38.58538672	52.21040668
Copper+Articles Thereof	11.2949834	10.66538931	29.6859564
Plastic	32.03166138	37.3886384	28.08447047
Cereals	27.88595571	20.22923803	23.69560372
Iron/Steel Products	6.155031843	11.77428238	23.05477461
Electrical Machinery	32.17271602	30.96898744	22.73394035
Paper,Paperboard	16.32627351	16.56952809	20.12645433
Manmade Staple Fibers	23.63242862	24.62648146	14.43454014
Woven Apparel	10.95970408	11.81153872	14.34423416
Knit Apparel	12.01833556	13.70963156	12.37456343
Rubber	7.312297453	11.75709238	11.70162947
Preserved Food	10.34501116	12.28405272	11.02514573
Precious Stones,Metals	11.96170752	12.63623705	10.75755512
Wood	7.194168793	6.016115213	9.691322184
Footwear	7.771083769	11.26340722	9.524619889
Spcl Woven Fabric,Etc	7.476230954	6.917138691	8.447292258
Fish And Seafood	5.821350598	6.339296748	8.180661202
Textile Floor Coverings	3.847234487	4.920029003	7.007170291
Manmade Filament,Fabric	5.215245248	4.124610724	5.544915644
Miscellaneous Food	3.407442337	4.22229961	5.089877037

Source of data: Thai Customs Department

1.64 percent of Thailand's total export to Saudi Arabia in 2004 and declined to only 0.86 percent in 2005. In the following year, it registered a massive recovery to 4.29 percent. During this period, growth of iron and steel export was very substantial at around 430 percent. Fourth largest item of Thailand export to Saudi Arabia in 2006 had been prepared meat and fish which used to be at the third largest export item in 2004 and 2005. It was at $34.24 million in 2004 and increased to $38.58 million in 2005 and further increased to $52.26 million in 2006. Thus, its growth of export was around 52 percent during this given period. The share of iron and steel export as compared to Thailand's total export to Saudi Arabia had been fluctuating. It stood at 5.57 percent in 2004 and fell to 3.84 percent in 2005 and showed a marginal recovery to 4.17 percent in 2006. Copper had been the fifth largest export item to Saudi Arabia in 2006 which increased from $11.29 million in 2004 to $29.68 million in 2006. Plastic used to be the fifth largest export item to Saudi Arabia in 2004 and 2005 but its value declined from $32.03 million in 2004 to only $28.08 million in 2006. Another important item of Thailand's export to Saudi Arabia had been cereals which registered at $27.88 million in 2004 and dropped to $20.22 million in 2005 and showed a small recovery to $23.69 million in 2006. Iron, steel products , paper, woven apparel, knit apparel, wood, special woven fabric, fish and seafood, textile, manmade filament fabric and miscellaneous food were among the important commodities constituting

Thailand's export basket to Saudi Arabia. Thailand's export of iron and steel product had been significantly increasing which was at $6.15 million in 2004 and expanded up to $23.05 million in 2006. In fact, there have been some export items which expanded fast like copper, iron and steel. Some items showed a negative growth like plastic, electrical machinery, manmade staple fibers and footwear. Whereas some remained almost stagnant like preserved food, precious stone, metal, special woven fabric, manmade filament and miscellaneous food.

The details of Saudi Arabia's direction of imports have been provided in table 3.15. Also the percentage share of various exporters in Saudi Arabian market is provided in table 3.15A. It has been found that major portion of Saudi Arabia's import came from industrial countries but the trend kept continuously declining. Saudi Arabia's total import was $24,081 million in 1990 which increased to $27,449 million in 1995 and to $30,298 million in 2000. After five years, Saudi Arabia's import showed a remarkable expansion and had reached to $58,006 million. Thus, during this period import of Saudi Arabia registered a growth of 140 percent. The share of industrial countries in Saudi Arabian import has been declining. Its share came down to 72 percent in 1995 and to 66 percent in 2000 and to 60 percent in 2005. Though the share of industrial countries in Saudi Arabian market had continuously been declining but it still remained the largest

Table: 3.15
Direction of Saudi Arabia Imports and Thailand's Competitors in Saudi Arabia Market (US$ million)

Country	1990	1995	2000	2005
Total	**24,081**	**27,449**	**30,298**	**58,006**
Industrial Countries	18,577	19,791	20,249	34,961
United States	4,022	5,863	5,832	7,513
Japan	3,689	2,113	3,164	4,585
France	954	1,339	1,251	2,716
Germany	1,798	2,152	2,433	5,525
Italy	1,116	1,222	1,273	2,456
United Kingdom	2,719	2,375	1,957	2,235
Switzerland	1,583	1,389	986	984
Developing Countries	5,431	7,523	9,606	22,219
China	445	771	na	4,207
Hong Kong	126	84	na	331
India	264	510	836	1,879
Indonesia	212	386	454	577
Korea	790	869	1,013	2,302
Pakistan	105	154	139	216
Singapore	189	132	160	467
Thailand	48	286	266	1,105
Turkey	298	420	228	1,058
Unite Arab Emirates	166	365	590	1,575
Brazil	252	444	618	995
Bahrain	107	201	188	574

Sources: Direction of Trade Statistics(DOTS) Year book 1997,2003 and DOTS Quarterly March 2006, I.M.F. Publication, Washington D.C.
Note: na= not available

Table: 3.15A
Direction of Saudi Arabia Imports and Thailand's Competitors in Saudi Arabia Market(Percentage)

Country	1990	1995	2000	2005
Total	**100**	**100**	**100**	**100**
Industrial Countries	77.14	72.10	66.83	60.27
United States	16.70	21.36	19.25	12.95
Japan	15.32	7.70	10.44	7.90
France	3.96	4.88	4.13	4.68
Germany	7.49	7.84	8.03	9.52
Italy	4.63	4.45	4.20	4.23
United Kingdom	11.29	8.65	6.46	3.85
Switzerland	6.57	5.06	3.25	1.69
Developing Countries	22.55	27.41	31.71	38.30
China	1.85	2.81	na	7.25
Hong Kong	0.52	03.1	na	0.57
India	1.10	1.86	2.76	3.23
Indonesia	0.88	1.41	1.50	0.99
Korea	3.28	3.17	3.34	3.96
Pakistan	0.44	0.56	0.46	0.37
Singapore	0.78	0.48	0.53	0.80
Thailand	0.19	1.04	0.87	1.90
Turkey	1.24	1.53	0.75	1.82
Unite Arab Emirates	0.69	1.33	1.95	2.71
Brazil	1.05	1.62	2.04	1.71
Bahrain	0.44	07.3	0.62	0.98

Sources: Direction of Trade Statistics(DOTS) Year book 1997,2003 and DOTS Quarterly March 2006, I.M.F. Publication, Washington D.C.
Note na= not available

source of Saudi Arabia's import during this period. Among industrial countries, United States of America had long been the largest supplier to Saudi Arabia's import market. Export of US to Saudi Arabia's import market was $4,022 million in 1990 and exhibited an increase to $5,863 million in 1995 but slightly dropped to $5,832 million in 2000 but regained a huge expansion to $7,513 million in 2005. Consequently, during this period export of US to Saudi Arabia's import market increased by 86 percent which was still slower than the growth in Saudi Arabia's total import. Share of US export in Saudi Arabia's import market also showed fluctuation. It was only 16 percent in 1990 which increased to 21 percent in 1995 but declined to 19 percent in 2000 and to 12 percent in 2005. The second largest exporter to Saudi Arabia's import market among industrial countries was Germany. The value of Germany's export to Saudi Arabia's import market was $1,798 million in 1990 and expanded to $2,152 million in 1995 and to $2,433 million in 2000. In 2005, export of Germany to Saudi Arabia increased substantially. It had reached to $5,525 million. Therefore, in this given period, it increased by 207 percent. Share of Germany's export to Saudi Arabia's import market showed gradual expansion which stood at 7.49 percent in 1990 and increased to 7.84 percent in 1995 and to 8.03 percent in 2000 and to 9.52 percent in 2005. Japan was the third largest supplier for Saudi Arabia's import market. Export of Japan was $3,689 million in 1990 which declined to $2,113 million in 1995 but gained a big recovery to $3,164 million in 2000 and further expanded to $4,585 million in 2005. As a result, during this period, it registered an increase of only 24 percent. Share of Japan in Saudi Arabia's import market was 15 percent in 1990 but declined to only 7 percent in 1995 but showed a recovery to 10 percent in 2000 and again decreased to 8 percent in 2005. The share of other industrial countries in Saudi Arabia's import market has also been relatively substantial. These were France, Italy, United Kingdom (UK) and Switzerland. Share of France's export in Saudi Arabia's import market increased from 3.96 percent in 1990 to 4.68 percent in 1995. Share of Italy's export in Saudi Arabia's import market held almost steady at nearly 4 and half percent during this given period. Meanwhile, share of UK in Saudi Arabia's import market kept continuously declining which was around 11 percent and fell to 8 percent in 1995 and to 6 percent in 2000 and to only 4 percent in 2005. Share of Switzerland also kept decreasing like UK which fell from 6 percent in 1990 to only around 2 percent in 2005.

Incidentally, developing countries have also been substantial exporter to Saudi Arabia's import market. The export of developing countries had been continuously rising. The value of developing countries export to Saudi Arabia's import market was $5,431 million in 1990 which increased to $7,523 million in 1995 and to $9,606 million in 2000 and further to hefty $22,219 million in 2005. Thus, during this given period it increased by 309 percent. Around 22 percent of Saudi Arabia's import market was supplied from developing countries in 1990 which increased to 27 percent in 1995 and to almost 32 percent in 2000 and further increased to 38 percent in 2005. Among developing countries China had been the largest source of Saudi Arabia's import. Export of China to Saudi Arabia's import market was $445 million in 1990 which increased to $771 million in 1995. In 2005, China's export to Saudi Arabia's import market constituted an unexpected growth which had set the record to $4,207 million. As a result during the period of 1990-2005 China registered around 840 percent growth in her export to Saudi Arabia. Chinese share in Saudi Arabia's import market was around 2 percent in 1990 which increased to 3 percent in 1995 and showed a significant increase to around 7 percent in 2005. The second largest supplier of Saudi Arabia's import market among developing countries was Korea. Korean export to Saudi Arabia's import market stood at $790 million in 1990 and expanded to $869 million in 1995 and to $1,013 million in 2000 and further jumped to more than double to $2,302 million in 2005. Therefore, during this given period the growth of Korean export to Saudi Arabia's import market registered by 191 percent. Share of Korean export in Saudi Arabia's import market held almost steady at around 3 percent during 1990-2000 and registered an increase of almost 4 percent in 2005. India was the third biggest source of Saudi Arabia's import market. From the table it is clearly found that the trends of Indian export to Saudi Arabia's import market showed a continuous increase year by year. Export of India increased from $264 million in 1990 to $510 million in 1995 and continued to expand to $836 million in 2000. After five years India's export to Saudi Arabia's import market registered a pronounced increase and had reached to $1,879 million. So, during this particular period, India's export to Saudi Arabia's import market registered expansion by 611 percent. Absolutely, this hefty growth was mostly created by the big jump during 2000-2005. Share of Indian export in Saudi Arabia's import market also showed continuous increase which was only around 1 percent in 1990 and constituted an increase to more than 3 percent in 2005. United Arab Emirates had been the fourth largest source of Saudi Arabia's import market. Export of UAE to Saudi Arabia's import market was $166 million in 1990 and continues to rise to $365 million in 1995 and to $590 million in 2000. In 2005 UAE export to Saudi Arabia's import market surged to $1,575 million. As a result, around 840 percent increase was registered by UAE export to Saudi Arabia's import market higher than China's export growth in this market and far higher than the percentage of Saudi Arabia's total import growth. Thailand was the next important source of Saudi Arabia's import market among developing countries. Export of Thailand was only $48 million in 1990 and set a massive increase to $286 million in 1995 but slightly dropped to $266 million in 2000. In 2005, export of Thailand exhibited an unexpected growth to hefty $1,105 million. As a result, during this given period, export of Thailand to Saudi Arabia's import market registered a big expansion by 2,202 percent. The next important source of Saudi Arabia's import market was Turkey. Export of Turkey to Saudi Arabia's import market was $298 million in 1990 which expanded to $420 million in 1995 but fell to $228 million in 2000. In 2005, export of Turkey to Saudi Arabia's import market registered a marked improvement and had reached to hefty $1,058 million. Share of Turkey's export on this market was about 1 percent in 1990 and increased to around 1.05 percent in 1995 but fell below 1 percent in 2000 and gained a recovery to almost 2 percent in 2005. Other developing countries who have claimed an increasing share in Saudi Arabia's import market were Hong Kong, Indonesia, Brazil and Bahrain. Share of Hong Kong's export in Saudi Arabia's import market marginally increased from 0.52 percent in 1990 to 0.57 percent in 2005. Share of Indonesian export expanded from 0.88 percent in 1990 to 0.99 percent in 2005, Singapore from 0.78 percent to 0.80 percent, Brazil from 1.05 percent to 1.71 percent and Bahrain from 0.44 percent to 0.98 percent in the same period. It can be clear that export of developing countries to Saudi Arabia's import market had been increasing but it is still smaller than export of industrial countries. In other words, Saudi Arabia's import market had been more exploited by industrial countries. Thailand's export strategy must be more effective in such a tough competitive environment in order to enhance her share in this market.

3.6-Thailand's export to United Arab Emirates (UAE).

The United Arab Emirates (UAE) is a small country in terms of area and population. The UAE accounts for 9.6 percent of the world's total oil reserves. It has also confirmed hydrocarbons reserves standing at 97.8 billion barrels of oil and six trillion cum of gas. The country ranks sixth in the world in terms of oil reserve and fourth in natural gas reserves. The country's 2.8 million barrels of oil per day in 2007 was expected to increase up to 3.5 b/d in the next few years[26]. UAE has been a center of trade since ancient times. Copper, pearls and oil have been some of its most precious commercial commodities. Trade continues to be a cornerstone of the economy; oil and gas exports remain an important component as far as exports are concerned. The UAE exports 26 percent of its crude oil to Japan and gas exports are almost entirely to Japan. In addition to the predominant role played by oil and gas, the numerous free trade zones established in the country are also contributing substantially to the value of exports[27].

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26 UAE Broadening Horizons, published by Embassy of UAE, New Delhi, 2007, p.22

27 Ibid. p.24

The UAE enjoys the reputation of having one of the highest per capita income among the G.C.C. countries. Much of its success is attributed to its oil reserves, which account for one-tenth of the total oil deposits of the world. Diversification of the economy has been a key plan of UAE policy. The discovery of oil ushered UAE into the industrial age. This process of industrialization gathered momentum in the last two decades[28]. The UAE's government policies were far-sighted in the sense that they tried to diversify their economy. These policies established UAE as a regional trade hub. UAE has eventually become the third most important re-export center in the world after Hong Kong and Singapore.

Due to the increase in oil price in the global market, UAE is in a position to increase its import against this surplus income earned by petroleum product. UAE import stood at $11,472 million in 1990 which registered a marked increase to $27,207 million in 1995. During 2000 the volume declined and was only $25,464 million, but it displayed a pronounced upturn to $ 98,947 million in 2005[29]. Trade relation between Thailand and UAE is considerably old. UAE is also the important trading partner of Thailand.

To assess the potentials of exports of product and increasing the volume of existing product in the export basket to UAE, it would be

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28.UAE-India Partnership, A Publication of the Embassy of the UAE, New Delhi, India, 2007-2008 Edition.p 32

29 Direction of Trade Statistic (DOTS) Year Book 1997,2003 and DOTS Quarterly September 2006, IMF Publication, Washington.

useful to study the trends in Thailand exports to UAE. The trends for Thailand export to UAE during 1988-2006 are provided in Table 3.16 Since 1988, Thailand exports to UAE have continuously been on the rise with some fluctuations. Thailand exports to UAE stood at $247 million in 1988. In the following year of 1989, it recovered to $331 million and slightly fell to $323 million in 1990. Nevertheless, in 1991 Thailand exports to UAE climbed to $383 million and again fell to $359 million in 1992. After that it increased continuously and touched to $1,008 million in 1995. Again Thailand exports to UAE declined to $690 million in 1996 and kept almost static till 2000 which stood at $582 million. After 2000 Thailand exports to UAE improved continuously and reached $636 million in 2001 and further increased to $717 million in 2002. After that the rate of growth in the Thailand export to UAE rose and reached to $760 million in 2003. It further increased to $965 million in 2004. In 2005 the trends of Thailand export to UAE looked even better; it registered a substantial growth to $1,176 million and continued to rise to $1,484 million in 2006. Thailand export to UAE as percent of Thailand's total exports is also provided in Table 3.16. In 1988 Thailand exports to UAE constituted only 1.55 percent of its total exports, which slightly increased to 1.64 percent in the following year. During 1990-1992 the share of Thailand exports to UAE in Thailand's total export fell continuously to 1.40 percent, 1.33

Table 3.16
Trends in Thailand's Exports to U.A.E. (US $ Million)

Year	Thailand's Export to U.A.E.	Thailand's Total Exports	Thailand's Export to U.A.E. as Percentage of Thailand's Total Exports
1988	247	15,910.00	1.55
1989	331	20,175.00	1.64
1990	323	23,072.00	1.40
1991	383	28,811.00	1.33
1992	359	32,472.00	1.11
1993	476	37,158.00	1.28
1994	578	45,583.00	1.27
1995	1008	57,210.00	1.76
1996	690	55,743.00	1.24
1997	569	57,560.00	0.99
1998	551	54,489.00	1.01
1999	568	58,491.00	0.97
2000	582	68,916.00	0.84
2001	636	65,112.00	0.98
2002	717	68,851.00	1.04
2003	760	80,521.00	0.94
2004	965	96,244.00	1.00
2005	1,176	110,107.00	1.07
2006	1,484	128,216.91	1.15

Sources: Direction of Trade Statistics, Year Book 1993, 1995, 1997, 2000, 2002 and 2003, Direction of Trade Statistics Quarterly , September 2004, March 2006 and September 2006, I.M.F. Publication, Washington, D.C. and Bank of Thailand , Bangkok.

percent and 1.11 percent, respectively. After that it increased a bit to 1.28 percent in 1993 and again it a slightly dropped to 1.27 percent in the next year. In 1995 Thailand exports to UAE showed a pronounced upturn and its percentage increased to 1.76 percent. During 1996-2004, the share of Thailand exports to UAE in total Thailand's export remained almost static at 1.0 percent which rose to 1.07 percent in 2005 and further increased to 1.15 percent in 2006.

The commodity composition of Thailand's export to United Arab Emirates, the Thailand's largest trading partner among G.C.C. countries, is provided in table 3.17. This gives data about the important items of Thailand's export basket to UAE. From the above table it is observed that Thailand's export to UAE rose from $926 million in 2004 to $1,483 million in 2006. Therefore, within this given period export to UAE increased by 54 percent. From table it is clearly found that machinery has been the largest item of Thailand export to UAE. During the given period Thailand's export of machinery rose from $169.57 million in 2004, to $218.41 million in 2005 and it again registered a massive expansion to $300.92 million in 2006. Thus, during this period the machinery export registered a growth of 75 percent. Vehicles was the second largest export item to UAE during this period with the value of $118.13 million in 2004 and increased to $132.56 million in 2005 and further during this period

Table 3.17
Thailand - Exports to United Arab Emirates (Millions of US Dollars)

Description	2004	2005	2006
United Arab Emirates	**962.347583**	**1174.286063**	**1483.596763**
Machinery	169.576937	218.4154172	300.92267
Vehicles, Not Railway	118.13087	132.5681544	188.3135998
Electrical Machinery	118.28845	127.6537396	171.3789877
Manmade Staple Fibers	70.5808117	77.95913541	84.1539674
Precious Stones,Metals	38.1228827	55.14866987	82.05899502
Plastic	58.5539904	75.01729222	62.97936749
Iron And Steel	15.7025893	20.75885469	51.18421206
Footwear	33.7053658	42.5246662	49.10470081
Iron/Steel Products	19.6068819	28.56334158	40.71240965
Mineral Fuel, Oil Etc	22.5965942	57.93182823	27.26719529
Knit Apparel	24.6219656	28.5485228	27.22713751
Salt;Sulfur;Earth,Stone	12.4523243	27.55353051	24.98380754
Woven Apparel	28.8392004	24.25440894	24.44421535
Furniture And Bedding	14.4529465	16.75852967	22.92400292
Cereals	25.9551208	17.93555775	22.77179694
Prepared Meat,Fish,Etc	11.6718787	15.10355913	21.72323249
Rubber	18.241832	20.29693632	21.61696763
Paper,Paperboard	10.1852104	13.72806531	20.92435857
Perfumery,Cosmetic,Etc	8.82339199	8.80492147	14.03113888
Spcl Woven Fabric,Etc	8.28136739	11.33632084	13.24682234
Copper+Articles Thereof	4.36673354	6.337085512	13.1369141
Stone,Plastr,Cement,Etc	5.50176752	7.355286801	11.42734763

Source of data: Thai Customs Department

registered at 59 percent. Its share of vehicles export in Thailand's total export item to UAE in these three years remained steady at near 12 percent. The third largest item of Thailand's export basket to UAE was electrical machinery. The export of electrical machinery increased increased to \$188.31 million in 2006. Consequently, the percentage growth from \$118.28 million in 2004 to \$127.65 million in 2005 and displayed a significant increase to \$171.37 million in 2006. Export of manmade staple fiber was the fourth largest item which also showed a continuous expansion. Export of manmade staple fiber was \$70.58 million in 2004 and expanded to \$77.95 million in 2005 and further increased to \$84.55 million in 2006. Export of precious stone and metal was the fifth largest export item to UAE whose value was \$38.12 million in 2004 and massively increased to \$82.05 million in 2006. Thus, during this period its percentage growth registered by 115 percent. Other important items in Thailand's export to UAE which registered formidable growth during this period have been iron, steel, footwear, iron and steel products. Export of iron and steel increased from \$15.70 million in 2004 to \$51.81 million in 2006, showed big growth by 240 percent, footwear made up etc. from \$33.70 million in 2004 to \$49.10 million in 2006, iron and steel products from \$19.60 million in 2004 to \$40.71 million in 2006. Furniture and bedding , cereals, prepared meat, fish, etc. , rubber, paper, perfumery and cosmetic, woven fabric, copper and stove, cement were other important items of Thailand's export to UAE during given period which constituted a significant proportion. These entire items, excluding cereals and woven fabric, gained registered growth of more than double during this period. From the above detailed analysis of the composition of Thailand exports to UAE, it is found that most Thailand export commodities have been performing very satisfactorily in UAE market. In UAE market, manufactured commodities have dominated a substantial portion and its trend is likely to be hugely expanded year by year.

The direction of UAE imports and Thailand's competitors on UAE market is provided in table 3.18. Also the data regarding the percentage share of UAE's direction of imports is given in table 3.18A. UAE is a small country but the size of UAE's market for imports is much substantial. UAE's total import increased from \$11,472 million in 1990 to \$27,207 million in 1995 but registered a marginal decrease to \$25,464 million in 2000. In 2005, UAE's total import showed a massive increase to hefty \$98,947 million. During this pertained period, total import of UAE constituted a massive growth by 762 percent. This huge increase revealed that UAE economy is still much dependent up on import. From the table, it is clearly found that the major portion of UAE import market is supplied by the industrial countries. Export of industrial countries was \$6,913 million in 1990 which registered a significant increase to \$14,408 million

Table: 3.18
Direction of U.A.E. Imports and Thailand's Competitors in U.A.E. Market (US$ million)

Country	1990	1995	2000	2005
Total	**11,472**	**27,207**	**25,464**	**98,947**
Industrial Countries	6,913	14,408	15,005	49,688
United States	1,049	2,193	2,003	9,324
Japan	1,631	2,316	2,434	5,327
France	410	1,419	1,864	4,677
Germany	876	1,772	1,677	5,886
Italy	522	1,799	1,414	3,498
United Kingdom	1,144	2,057	2,054	9,909
Developing Countries	4,156	12,450	10,459	48,752
China	572	1,211	2,054	9,606
Hong Kong	119	1,316	232	2,113
India	462	1,437	1,682	9,110
Korea	504	1,460	1,370	3,006
Malaysia	184	755	362	2,032
Pakistan	135	390	298	1,375
Singapore	214	934	502	4,063
Thailand	314	1,109	463	1,294
Turkey	90	211	248	1,843
Oman	129	135	3	38
Saudi Arabia	415	592	921	2,076
Brazil	75	120	131	990

Sources: Direction of Trade Statistics(DOTS) Year book 1997,2003 and DOTS Quarterly March 2006, I.M.F. Publication, Washington D.C.

Table: 3.18A
Direction of U.A.E. Imports and Thailand's Competitors in U.A.E. Market(Percentage)

Country	1990	1995	2000	2005
Total	**100**	**100**	**100**	**100**
Industrial Countries	60.26	52.69	58.93	50.21
United States	9.14	8.06	7.87	9.42
Japan	14.22	8.51	9.56	5.38
France	3.57	5.22	7.32	4.72
Germany	7.64	6.51	6.59	5.94
Italy	4.55	6.61	5.55	3.53
United Kingdom	9.97	7.56	8.07	10.01
Developing Countries	36.32	45.76	41.07	49.27
China	4.89	4.45	8.07	9.70
Hong Kong	1.04	4.84	0.91	2.13
India	4.03	5.28	6.61	9.20
Korea	4.39	5.37	5.38	3.03
Malaysia	1.61	2.78	1.42	2.05
Pakistan	1.18	1.43	1.17	1.38
Singapore	1.87	3.43	1.97	4.10
Thailand	2.74	4.08	1.82	1.30
Turkey	0.78	0.78	0.97	1.86
Oman	1.12	0.50	0	0.03
Saudi Arabia	3.62	2.18	3.62	2.09
Brazil	0.65	0.44	0.51	1.00

Sources: Direction of Trade Statistics(DOTS) Year book 1997,2003 and DOTS Quarterly March 2006, I.M.F. Publication, Washington D.C.

in 1995 and to $15,005 million in 2000 and further jumped to $49,688 million in 2005. As a result, during this given period, its growth registered by 618 percent. However, share of industrial export in UAE import market had been declining which was 60 percent in 1990 and declined to 53 percent in 1995 and gained a recovery to 58 percent in 2000 and again came down to only 50 percent tin 2005. Among industrial countries, UK had been the largest source of UAE import market in 2005. Export of UK in UAE import market was only $1,144 million in 1990 and significantly increased to $2,057 million in 1995 but declined marginally to $2,054 million in 2000. After five years, export of UK in UAE import market exhibited a great potential and had touched $9,909 million. Therefore, during 1990-2005, export of UK in UAE import market registered a pronounced growth by 766 percent. Share of UK export in UAE import market was 10 percent in 1990 and dropped to 7 percent in 1995 and recovered to 8 percent in 2000 and further increased to 10 percent in 2005. US was the second largest exporter to UAE. Export of US to UAE import market was $1,049 million in 1990 and exhibited an increase to $2,193 million in 1995 but slightly fell to $2,003 million in 2000 but showed an incredible increase to $9,324 million in 2005. So, during this given period it registered growth by 788 percent, which was faster than the increase in UAE global imports. Share of US export in UAE import market held almost static which stood at 9.14 percent in 1990 and marginally increased to 9.42 percent in 2005. Germany was the third largest supplier for UAE import market. Exports of Germany to UAE import market was only $876 million in 1990 and significantly improved to $1,772 million in 1995 but fell to $1,677 million in 2000. In 2005 the value of Germany's export in UAE import market showed a remarkable expansion to hefty $5,886 million in 2005. Thus, during this given period the Germany's export growth to UAE import market was 571 percent. Share of German export to UAE import market kept fluctuating which was 7.64 percent in 1990 and held almost steady around 6 percent since then. Japan was the next important exporter to UAE import market among industrial countries. Japan used to be the largest source of UAE import market in 1990-2000 but lost its top position in 2005 due to the pronounced increase of export from other industrial countries like UK, US and Germany. Export of Japan to UAE import market was $1,631 million in 1990 and massively improved to $2,316 million in 1995 and to $2,434 million in 2000 and further increased to $5,327 million in 2005. Therefore, during this period export of Japan to UAE import market increased by 226 percent. However, Japanese share in UAE import market showed a massive decline from 14.22 percent in 1990 to only 5.38 percent in 2005. France and Italy was also the substantial supplies for UAE import market with both countries exhibiting an increasing trend. Export of Italy to UAE import market was only $522 million in 1990 and surged to $1,799 million in 1995 but registered a setback to $1,414 million in 2000. After five years, exports of Italy to UAE import market improved remarkably and had reached $3,498 million. Share of export of Italy in Saudi Arabian market was 4.55 percent in 1990 and further to 6.61 percent in 1995 but dropped to 5.55 percent and to 3.53 percent in 2000 and 2005 respectively. France also constituted a relatively big share in UAE import market which stood at $410 million in 1990 and displayed an unexpected growth to $4,677 million in 2005. Share of France's export in Saudi Arabian market was only 3.57 percent in 1990 and improved to 5.22 percent in 1995 and further to 7.32 percent in 2000 but decreased to 4.72 percent in 2005.

Incidentally, developing countries have also been an important source for UAE import market. Export of developing countries to UAE import market had been increasing but it still remained at low level as compared to the export value of industrial countries in UAE import market. Export of developing countries to UAE import market was $4,156 million in 1990 and showed a marked expansion to $12,450 million in 1995 but declined to $10,459 million in 2000. In 2005, it constituted an unexpected increased which had reached to hefty $48,752 million in 2005. Consequently, between 1990-2005, it registered a massive growth by 1,073 percent, much faster than the growth of UAE's total import. Share of developing countries in UAE import market had been fluctuating. It was only 36 percent in 1990 and increased to 45 percent in 1995 but fell to 41 percent in 2000 and exhibited a considerably big recovery to 49 percent in 2005. Among developing countries, China had been the largest source of UAE import market. Export of China to UAE import market was $572 million in 1990 and increased to $1,211 million in 1995 and to $2,054 million in 2000. Furthermore, in 2005 it registered a significant improvement to $9,606 million. Thus during this period, the growth of Chinese export to UAE import market was 1,579 percent, much faster than the growth in UAE's total import. Share of Chinese export also kept continuously increasing, except 1995. Share of Chinese export in UAE import market was 4.89 percent in 1990 and dropped marginally to 4.45 percent in 1995. Since then the share of Chinese export in UAE import market jumped very high to 8.07 percent in 2000 and further to 9.70 percent in 2005. India was the second largest exporter to UAE import market among developing countries. Export of India was $462 million in 1990 which massively increased to $1,437 million in 1995 and further to $1,682 million in 2000. In 2005, the value of Indian export to UAE import market registered an increase of almost five times from 2000; it stood hefty at $9,110 million. Thus, during this given period India's export showed a marked improvement by 2,030 percent which exhibited the largest growth not among developing countries but compared with industrial countries also. Share of India's export in UAE import market also kept continuously improving year by year which was 4.03 percent in 1990 and increased to

5.28 percent in 1995 and to 6.61 percent in 2000 and to 9.20 percent in 2005. Singapore was the third largest supplier for UAE import market in 2005. Export of Singapore was only $214 million in 1990 and massively improved to $934 million in 1995 but declined to only $502 million in 2000 and gained a significant recovery to $4,063 million in 2005. As a result, it registered a massive growth of 1,193 percent in this given period. Although Singapore exports to UAE import market claimed a tiny share in UAE import market but its value showed improving trend. Share of Singapore export in UAE import market was 1.87 percent in 1990 and improved to 3.34 percent in 1995 but decreased to only 1.97 percent in 2000 and again increased massively to 4.10 percent in 2005. Korea was the next important source of UAE import market. The growth of Korean export to UAE import market increased very fast. Export of Korea was $504 million in 1990 and registered an incredible growth to $1,460 million in 1995 but fell to $1,370 million in 2000 and experienced a recovery and had touched $3,006 million in 2005. The export of Korea to UAE import market increased by 496 percent in this period. The percentage share of Korean export in UAE import market was 4.39 percent in 1990 and expanded to 5.37 percent in 1995 and to 5.38 percent in 2000 but showed a considerable downturn to only 3.03 percent in 2005. Hong Kong, Malaysia, Turkey, Saudi Arabia, Brazil, Oman and Pakistan are also among developing countries which claimed a relatively substantial portion in UAE import market. Share of Hong Kong export was 1.04 percent in 1990 and increased to 2.13 percent in 2005. Share of Malaysian export also improved from 1.61 percent to 2.05 percent in 2005, Turkey from 0.78 percent in 1990 to 1.86 percent in 2005. However, share of Saudi Arabian export to UAE import market declined from 3.62 percent in 1990 to 2.09 percent in 2005. Share of Brazil's export in UAE import market expanded marginally from 0.65 percent in 1990 to 1 percent in 2005. Meanwhile, share of Pakistan's export in UAE import market increased from 1.18 percent in 1990 to 1.38 percent in 2005 and Turkey from 0.78 percent to 1.86 percent in 2005. It can not be denied that these countries created a tough competition for Thailand's export in this market.

It can be concluded that a concerted marketing strategy is in fact required to increase export of various commodities to the G.C.C. countries to further contribute and enhance Thailand's share in G.C.C. market. The ongoing reforms, liberalization and globalization require that Thailand must expand its exports to the global market rapidly. The G.C.C. countries constituted an important market in this regard. This makes it further urgent for Thailand to devise strategies for enhancing her market share in G.C.C. import market. Now all members of G.C.C. countries have acquired the full fledged membership of the world trade organization (WTO). Consequently, trade policy and other related trade regulation are being determined by WTO rules and regulation in their trade as well as other economic policy. This implies that all tariff barriers are going to be reduced and eventually eliminated in G.C.C. countries. The discrimination against foreign business will also have to be removed. And the foreign business will have same footing as the domestic business all over G.C.C. countries. As a result, Thailand exports will have the whole G.C.C. market open for it. But in such a tough competition created by exporting countries both developing and industrial countries all around the world, the performance of Thailand's export to G.C.C. import market obviously depends upon its efficiency and competitiveness. This is certainly identified as a significant task for Thailand's authority or Department of Export Promotion to run it effectively to get more access, as much as possible in this huge import market.

CHAPTER 4

Chapter 4

Thai Market and G.C.C. countries.

Thailand has been highly dependent on energy imports, especially oil; most of them supplied from G.C.C. countries. In 2006, domestic crude oil production was 129 kbd (thousand barrels a day), accounting for 13.46% of the total crude requirement (958 kbd); the remainder being imported. Despite oil prices remaining high, it was estimated that there will be increase in gasoline and diesel consumption in coming years. Reliance on gas imports is much lower, as 73% of domestic demand is met by local production and the rest imported from Myanmar. Demand for gas has been growing strongly in recent years, partly because of high international oil prices, and because it is considered a cleaner fuel. Natural gas demand in 2007 was forecasted to increase by 7.6% along with increases in domestic production and imports from Myanmar. Thailand's oil intensity is high due to the low domestic price of petrol. The price reflects the relatively lower taxes and fees levied on gasoline and diesel[1].

Thailand has stakes in the economic progress achieved by the G.C.C. countries as the region continues to be Thailand's largest trading partner after the United States with an annual oil and non-oil trade turnover

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1 Thailand Economic Monitor, *Recovery and Outlook,* report by the Thai government, WTO Trade Policy review,Bangkok,2007 p 9

of over $19 billion. Thailand exports to G.C.C. countries in 2006 amounted to $3.41 billion, whereas imports accounted for about $16.06 billion. Despite consistent increase in bilateral trade, Thailand registered a large deficit (around 13 billion) which may become even higher as growing industrial sector requires more consumption of oil. For Thailand, the increase of oil price is the important factor for large deficit. So Thailand is required to review its strategy for export performance to reduce the gap as much as possible. Moreover, Thailand needs to use less imported energy and use it more efficiently. Obviously, this is such a challenging task for Thai government to conduct a proper energy policy and put in the right time and place; otherwise, the situation will be going even worse. The detailed discussions about Thailand's import from different G.C.C. countries are provided in the next sections.

4.1 Thailand's import from Bahrain

The discovery of oil in Bahrain and its exports has played an important role in transforming its economy completely. Among G.C.C. members, Bahrain was the first to discover oil and was also the first among G.C.C. countries to establish an oil refinery. Bahrain's proven oil reserves are limited in comparison with the extensive oil fields of Saudi Arabia and Kuwait. Bahrain's petroleum and gas industries are controlled by the state-owned Bahrain Petroleum Company (BAPCO). Overall policy for the sector is determined by the Supreme Oil Council[2]. Although Bahrain has had an oil-based economy since 1935, by 1993 proven reserves were estimated at 200 million barrels,[3] and at the end of 2004 Bahrain's proven and established reserves of petroleum were estimated to be only 125 million barrels[4] and in 2008 proven oil reserve was estimated at 124.6 million barrel[5]. Bahrain is by far the smallest oil producer in the G.C.C. countries, and it thus has the most diversified economy. It has a small onshore oil field at Awali and shares the larger offshore Abu Saafa field with Saudi Arabia. The latter field is operated by Saudi Aramco and Bahrain receives half of the produce there. In 1993 and 1996, Saudi Arabia gave Bahrain a greater share in the oil produced as a way of providing economic aid. The Bahrain oil refinery at Sitrah imports oil from Saudi Arabia and provides much of the country's exports. Bahrain exports petroleum products rather than crude oil[6]. In the mid-1990s government efforts were concentrated on encouraging private foreign investment in the industrial sector to achieve greater diversification and to promote more export-orientated industries. Investment was sought in downstream

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[2] Europa Regional Surveys of the World, The Middle East and North Africa 52ND Edition, 2006, Routledge Taylor& Francis Group London and New York, p 216

[3] Viewed at http://www.country-studies.com/persian-gulf-states/bahrain---petroleum-industry.html

[4] OAPEC, the Secretary General's 31 Annual Report 2004, p 108

[5] CIA World Factbook, viewed at http://www.indexmundi.com/bahrain/oil_proved_reserves.html

[6] Paul Rivlin, 2001, Economic Policy and Performance in the Arab World, Lynne Rienner Publisher, Inc, USA, p 57

industries related to aluminium and pharmaceuticals, as well as in the new activities. Due to the Government's Incentive Programme, it offers a wide range of concessions and incentives to attract foreign investment. Moreover, official procedures were greatly simplified[7].

The data regarding the changing volume of Thailand's import from Bahrain from 1988-2006 had been provided at Table 4.1. Thailand's imports from Bahrain are very small. Thailand's imports from Bahrain consist of oil and its product but some non-oil commodities are also being increasingly supplied from Bahrain. Thailand's total imports from Bahrain both oil, its products and non-oil commodities was only $5 million in 1988, only 0.02 percent of Thailand's total import. In 1989, it increased from the previous year to reach almost double to $9 million. Nevertheless, during 1990 Thailand's imports from Bahrain registered a massive drop to $3 million but increased to $7 million in 1991. This decrease could be attributed to the Gulf War crises. After war period, the value of Thailand's imports from Bahrain gained a significant recovery to $14 million in 1992 and further increased to $18 million in 1993 and again showed a significant slowdown to only $8 million in 1994 because Thailand shifted the supply sources to the other G.C.C. countries, like Saudi Arabia and Kuwait. In 1995, Thailand's imports from Bahrain increased to $28 million

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7 Opcit. 2 p. 262

Table 4.1
Trends in Thailand's Imports from Bahrain (US $ Million)

Year	Thailand's Imports from Bahrain	Thailand's Total Imports	Thailand's Imports from Bahrain as Percentage of Thailand's Total Imports
1988	5	20,298.00	0.02
1989	9	25,373.00	0.04
1990	3	33,408.00	0.01
1991	7	37,925.00	0.02
1992	14	40,686.00	0.03
1993	18	46,065.00	0.04
1994	8	54,394.00	0.01
1995	28	73,692.00	0.04
1996	26	73,336.00	0.04
1997	31	62,804.00	0.05
1998	32	43,108.00	0.07
1999	52	50,350.00	0.10
2000	56	61,923.00	0.09
2001	57	62,057.00	0.09
2002	57	64,721.00	0.09
2003	94	75,809.00	0.12
2004	87	94,637.00	0.09
2005	118	118,191.00	0.10
2006	214	125,975.00	0.17

Sources: Direction of Trade Statistics, Year Book 1993, 1995, 1997, 2000, 2002 and 2003, Direction of Trade Statistics Quarterly, September 2004, March 2006 and September 2006, I.M.F. Publication, Washington, D.C. and Bank of Thailand, Bangkok.

and dropped marginally to $26 million in the following year. Since then, the value of Thailand's imports from Bahrain displayed a continuous expansion which stood at $31 million in 1997 and increased to $32 million in 1998 and grew massively to $52 million in 1999 and further to $56 million in 2000. During 2001-2002, it held steady at $57 million and showed a pronounced jump to $94 million but fell to $87 million in 2004. In 2005 and 2006, Thailand's imports from Bahrain reached the highest level at $118 million and $214 million respectively. However, the proportion of Thailand's imports from Bahrain was still very less as compared to Thailand's global import, which was only 0.17 percent in 2006. The percentage growth of Thailand's imports from Bahrain during pertained period registered around hefty 4,000 percent. Meanwhile, the percentage increase in Thailand's total import was only around 520 percent. It can be concluded that during 1988-2006, Thailand's imports from Bahrain grew much faster than the growth in Thailand's global imports, despite being low in absolute terms.

A detailed analysis of changing commodity composition of Thailand's import from Bahrain is necessary to understand the trend of Thailand's import from Bahrain. Although the bilateral trade between Thailand and Bahrain has expanded significantly since 1990s, the balance of trade goes in favour of Bahrain mainly because of Thailand's relatively much dependence on Bahraini petroleum and aluminum which replaced petroleum as the Thailand's largest single import commodity from Bahrain since 2005 till now. In 2004, Thailand's trade deficit with Bahrain constituted around $35 million and increased to $51 million in 2005 and further expanded to hefty $134 million in 2006. Table 4.2 provides data about the details of all commodities in Thailand's import basket from Bahrain during 2004-2006. In 2004, the largest single import commodity of Thailand from Bahrain was Mineral Fuel and oil, whose import value stood at $46 million but declined enormously to only $27 million in 2005 and again increased significantly to $86 million in 2006. The value of Thailand's import of aluminum from Bahrain rapidly expanded which constituted at only $35 million in 2004 and increased almost double to $68 million in 2005 which replaced mineral fuel and fuel as the largest import commodity from Bahrain. In 2006, it further jumped to hefty $97 million.

During this period, the value of aluminum import from Bahrain registered a massive growth of around 177 percent. Meanwhile mineral fuel and oil registered growth of only 86 percent. Thailand's third single largest import commodity from Bahrain was fertilizers which was $3 million in 2004 and showed a pronounced expansion to $16 million in 2005 and further increased to $22 million in 2006. During this pertained period, the value of fertilizers import from Bahrain registered a remarkable growth of around 600 percent. Machinery was Thailand's next important

Table 4.2
Thailand - Imports from Bahrain (Millions of US Dollars)

Description	2004	2005	2006
Bahrain	**86.7457**	**117.6**	**213.973**
Aluminum	35.421	68.3844	97.1212
Mineral Fuel, Oil Etc	46.8894	27.5179	86.0274
Fertilizers	3.59145	16.9608	22.4279
Machinery	0.00608	0.0171	5.5206
Organic Chemicals	0	0.04296	1.42799
Cotton+Yarn,Fabric	0	4.04796	0.98704
Iron And Steel	0.09613	0.01942	0.1175
Copper+Articles Thereof	0	0.06615	0.08405
Paper,Paperboard	0.07742	0.06696	0.0646
Vehicles, Not Railway	0.00785	0	0.05918
Woodpulp, Etc.	0	0.12667	0.03026
O Specl Impr Provisions	0.0498	0.0865	0.02088
Precious Stones,Metals	0.35049	0.00058	0.01892
Fish And Seafood	0.04588	0.0001	0.01425
Book+Newspapr;Manuscrpt	0.0144	0.01522	0.01013
Inorg Chem;Rare Erth Mt	4.900-05	0.00041	0.00865
Plastic	0.02154	0.0022	0.0081
Electrical Machinery	0.00129	0.00382	0.00785
Woven Apparel	0.00664	0.00653	0.00635
Iron/Steel Products	0.00395	0.00288	0.00507
Other Base Metals, Etc.	0.00228	0.00227	0.00204
Misc Textile Articles	0.00025	0.00139	0.00145
Headgear	0.00236	0.00099	0.00053

Source of data: Thai Customs Department

import commodity from Bahrain which was $5 million in 2006. Other Thailand's non-oil commodity imports from Bahrain which constituted very less value are as follows- organic chemicals, cotton yarn, fabric, iron and steel, copper, paper, vehicles(not railway), wood pulp, fish and seafood, book newspaper, plastic, electronically machinery, woven apparel, textile, headgear and so on.

4.2 Thailand's import from Kuwait.

Kuwait is a relatively small, arid country with a severe climate. Fresh water is scarce, and agriculture limited. However, the discovery of extremely rich deposits of petroleum transformed the economy and gave the country a high level of material prosperity[8]. Although petroleum-related activities still contribute the over-whelming proportion of Kuwait's total industrial output, the Government has tried to foster other industries in order to diversify the economy and to provide alternative sources of employment. Petroleum's share of GDP fell from almost 70 percent in 1980 to around 50 percent in 1983 and around 40 percent in 1993 and has since remained at roughly the same level[9]. The privatization process is primarily motivated by the need for stimulating the Kuwaiti economy which suffered slow growth rate in the beginning of the

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[8] Opcit. 2 p. 672

[9] Ibid, p 674

1990s. The main financial impact of the Iraqi invasion of Kuwait in 1990 was on the state budget. After the liberalisation the Kuwaiti government started a comprehensive programme conducive to privatizing the state owned utilities companies, such as electricity, water and communication, in addition to its equity participation in local companies managed by the Investment Authority on behalf of the government. Some of the Kuwait's government objectives introduced are improving the efficiency and productivity of the economy and diversification of the economic base in order to promote the role of Kuwait's dynamic private sector and increase its contribution to GDP from 25 percent to 50 percent. It also aimed to develop the local capital market with a view to adding depth and breadth to it by introducing more investment practices, and to encourage foreign investors to participate in local investment in partnership with the government and private sectors[10].

Kuwait's foreign trade is dominated by exports of crude petroleum and petroleum products, which generally account for over 90 percent of the value of export earning each year[11]. Kuwait has a relatively significant share in both Thailand's oil and non-oil import. Trends about

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10 Javed Ahmad Khan, *India and West Asia, Emerging Markets in the Liberalisation Era*, Sage Publications India, New Delhi, 1999,p 40

11 Ibid, p 676

Thailand's total import from Kuwait are provided in Table 4.3. It is observed that the overall volume of Thailand's import from Kuwait had been fluctuating. In 1988, Thailand's total import from Kuwait was only \$68 million which registered a tiny proportion at only 0.34 percent as percentage of Thailand's global imports. In the following year, it managed to increase massively at \$129 million and decreased slightly to \$113 million in 1990. The significant downturn happened in 1991 when Thailand's total import from Kuwait dropped to only \$6 million while Thailand's global import represented continuous increase. Therefore, Thailand's total import from Kuwait as percentage of Thailand's total imports stood at only 0.02 percent. This massive decrease of Thailand's import from Kuwait could be attributed to the Kuwaiti political instability coursed by Iraq's invasion. Besides, during this year, Thailand increased import from Bahrain, Saudi Arabia and Oman. Since 1991, the value of Thailand's import from Kuwait kept fluctuating with a very small portion as compared to early period with only \$51 million in 1992 and again dropped to only \$24 million in 1993 and showed a recovery to \$67 million in 1994 and declined to only \$33 million in 1995. However, in 1996 Thailand's import value from Kuwait significantly increased to \$152 million. But it registered a massive decline in the next two years. This could be attributed to Thailand's financial crisis. It brought down the value

Table 4.3
Trends in Thailand's Imports from Kuwait (US $ Million)

Year	Thailand's Imports from Kuwait	Thailand's Total Imports	Thailand's Imports from Kuwait as Percentage of Thailand's Total Imports
1988	68	20,298.00	0.34
1989	129	25,373.00	0.51
1990	113	33,408.00	0.34
1991	6	37,925.00	0.02
1992	51	40,686.00	0.13
1993	24	46,065.00	0.05
1994	67	54,394.00	0.12
1995	33	73,692.00	0.04
1996	152	73,336.00	0.21
1997	92	62,804.00	0.15
1998	19	43,108.00	0.04
1999	240	50,350.00	0.48
2000	378	61,923.00	0.61
2001	338	62,057.00	0.54
2002	129	64,721.00	0.20
2003	168	75,809.00	0.22
2004	313	94,637.00	0.33
2005	311	118,191.00	0.26
2006	284	125,975.00	0.23

Sources: Direction of Trade Statistics, Year Book 1993, 1995, 1997, 2000, 2002 and 2003, Direction of Trade Statistics Quarterly, September 2004, March 2006 and September, 2006, I.M.F. Publication, Washington, D.C. and Bank of Thailand, Bangkok.

of Thailand's import from Kuwait to only $92 million and $19 million in 1997 and 1998, respectively. Since then, it regained pronounced recovery which climbed to $240 million in 1999 and increased to the highest level in history at $378 million in 2000. In 2001, Thailand's total import from Kuwait slightly declined from the previous at $338 million and fell further to only $129 million in 2002 and gained a bit recovery at $168 million in 2003 and jumped to $313 million in 2004. In 2005, Thailand's total import from Kuwait dropped to $311 million and further to $284 million in 2006. During 1988-2006, Thailand's total import from Kuwait increased by 317 percent whereas Thailand's global import increased by 520 percent. It means that Thailand's global imports improved faster than Thailand's total imports from Kuwait.

The commodity composition of Thailand's imports from Kuwait during 2004-2006 has been provided in Table 4.4. The data has been collected from an official Thai source, Thai custom Department as concerned. It is found that oil has always constituted a substantial proportion of Thailand's import from Kuwait. Although oil dominates Thailand imports, non-oil commodities have also gradually become important in Thailand's imports from Kuwait.

Thailand's import of mineral fuel and oil from Kuwait stood at $198 million in 2004 and relatively expanded to $217 million in 2005

Table 4.4
Thailand - Imports from Kuwait (Millions of US Dollars)

Description	2004	2005	2006
Kuwait	**312.401**	**310.65**	**284.484**
Mineral Fuel, Oil Etc	198.439	217.439	200.657
Fertilizers	29.3183	45.2636	44.2058
Organic Chemicals	63.4672	24.235	22.5551
Plastic	14.7861	17.7923	15.3095
Aluminum	1.43467	0.17673	0.66114
Precious Stones,Metals	0.01305	0.00022	0.53033
Iron And Steel	0.26316	0	0.47323
Tanning,Dye,Paint,Putty	0	0.01501	0.00501
Electrical Machinery	0.48108	0.00123	0.00397
Machinery	0.17106	0.45879	0.00343
Paper,Paperboard	0.00146	0.00021	0.00317
Iron/Steel Products	0.00189	0.00036	0.00208
Book+Newspapr;Manuscrpt	0.01541	0.0044	0.00199
Manmade Filament,Fabric	0	0	0.00196
Furniture And Bedding	0.00086	0.00038	0.00087
Live Animals	0	0	0.00081
Vehicles, Not Railway	3.60938	0.01827	0.00062
Misc. Chemical Products	0	0.27556	0.00047
Ceramic Products	0	0.00143	0.00019
Wood	0.0122	0	0.00011

Source of data: Thai Customs Department

but showed a decline to $200 million in 2006. However, mineral fuel and oil still registered Thailand's largest import commodity from Kuwait. During 2005-2006, the share of mineral fuel and oil on Thailand's import has declined around 8 percent. Thailand's second largest import commodity from Kuwait was fertilizer which constituted far smaller than the previous commodity. Its value of import was only $29 million in 2004 and largely expanded to $45 million in 2005 but marginally declined to $44 million in 2006. Organic chemicals was the third largest import commodity from Kuwait which displayed $63 million in 2004 more than double of fertilizers at the same period but remarkably declined to only $24 million in 2005 and further fell to only $22 million in 2006. The next important import commodity from Kuwait was plastic with its value of import standing at $14 million in 2004 and increasing to $17 million in 2005 but declined to $15 million in 2006. Aluminium is also considered as an important import commodity from Kuwait with its value of import standing at almost $1.5 million in 2004 but significantly declining to only $0.17 million in 2005 and recovering to $0.66 million in 2006. Precious stones and metals were also the important import commodity from Kuwait which displayed an increasing trend from only $0.01 million in 2004 to $0.66 million in 2006. Increasing trend of import from Kuwait was also displayed for iron and steel whose imports expanded from $0.26 million in 2004 to $0.47 million in 2006. Other commodities in Thailand's imports from Kuwait which registered a very small value are also showed in this table. Tanning, dye etc were imported from Kuwait only for $0.04 million in 2004 and increased to $0.06 million in 2006. Electrical machinery was $0.48 million in 2004 but its value of import declined to only $0.003 million in 2006. Paper, iron and steel products, book, manmade fabric, furniture, live animals, vehicles (not railway), chemical and ceramic products, wood, tool and art-antiques are among the Thailand's import products from Kuwait which constituted very small portion of Thai imports from Kuwait. The phenomenon can be explained through Thailand's continuously declining trend of oil and non-oil import from Kuwait. During this period, due to the revision of export policy by the Department of Export Promotion, increasing trends of Thailand export are clearly seen. Thailand's balance of trade deficit with Kuwait had in fact been narrowed down from $218 million in 2004 to only $91 million in 2006.

4.3 Thailand's import from Oman.

In Oman, discovery, exploration and export of oil and gas did completely transform the region[12]. Based on the inflow of massive oil revenues, Oman government injected massive revenue to improve its

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12 Mohammad Azhar, *Trade between India and West Asia in the Nineteen Nineties, Performance & Prospects*, Aligarh Muslim University Press, Aligarh, 2007,p 2

infrastructure. Per capita income and the wealth of Oman makes them comparable to developed countries. Oman is the only country in the G.C.C. countries that is not a member of either Organisation of Petroleum Exporting Countries (OPEC) or the Organization of Arab Petroleum Exporting Countries (OAPEC). However, its agreements on concessionary terms ensure that concession-holders are obliged to grant it the same privileges as those granted to members of OPEC. Oman is not, therefore, subject to controls on petroleum production and pricing, although it generally respects OPEC's policies[13]. Oil was first discovered in 1967 and has been used since 1970 to develop the economy, with emphasis on diversification including investment in agriculture. Petroleum Development Oman (PDO) is the company responsible for most of the country's oil production[14]. In 2004, PDO was incharge for over 90 percent of Oman's hydrocarbon production, the rest being produced by a number of foreign concerns. The government of Oman established the wholly state owned Oman Oil Company (OOC) in the late eighties with the intention of entering into foreign joint ventures and oil trading operations[15]. As far as the privatization and diversification drive is concerned, the development plans in Oman, laid in the mid-1970s, concentrated on establishing sound

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13 Opcit. 2, p. 873

14 Opcit. 6 p. 57

15 Middle East Economic Digest (London), 4 July 1997,p 14

industrial and agricultural sectors. The general aim of development planning was to reduce the economic dependence on petroleum, in favour of private sector industry[16]. Incidentally, Oman's trade pattern has continued to reflect the dominance of petroleum in the economy, although, since the early 1990s, the Government's efforts at diversifying the economy have demonstrated a degree of success[17].

The data regarding Thailand's import from Oman during 1988-2006 is provided in table 4.5. Where it is seen that Thailand's import from Oman were relatively big and increasing even during the Gulf War, but during Thailand's financial crisis it showed a dramatic drop for five years. According to the table, in 1988, Thailand's import from Oman was $72 million which displayed only 0.35 percent of Thailand's global imports and displayed a decline in the following year at only $55 million which also dropped to only 0.22 percent as compared to the percentage of Thailand's global imports. In 1990, it registered a massive continuous increase to $129 million and further expanded to $161 million in 1991, $233 million in 1992, $301 million in 1993, $397 million in 1994, $683 million in 1995, $1,053 million in 1996 and touched the peak at $1,334 million in 1997 which claimed a remarkably big share at 2.12 percent of

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16 Opcit. 10 p. 44

17 Opcit. 2, p. 881

Table 4.5
Trends in Thailand's Imports from Oman (US $ Million)

Year	Thailand's Imports from Oman	Thailand's Total Imports	Thailand's Imports from Oman as Percentage of Thailand's Total Imports
1988	72	20,298.00	0.35
1989	55	25,373.00	0.22
1990	129	33,408.00	0.39
1991	161	37,925.00	0.42
1992	233	40,686.00	0.57
1993	301	46,065.00	0.65
1994	397	54,394.00	0.73
1995	683	73,692.00	0.93
1996	1053	73,336.00	1.44
1997	1334	62,804.00	2.12
1998	220	43,108.00	0.51
1999	309	50,350.00	0.61
2000	283	61,923.00	0.46
2001	255	62,057.00	0.41
2002	424	64,721.00	0.66
2003	1409	75,809.00	1.86
2004	1497	94,637.00	1.58
2005	2417	118,191.00	2.04
2006	2760	125,975.00	2.19

Sources: Direction of Trade Statistics, Year Book 1993, 1995, 1997, 2000, 2002 and 2003, Direction of Trade Statistics Quarterly, September 2004, March 2006 and September 2006, I.M.F. Publication, Washington, D.C. and Bank of Thailand, Bangkok.

Thailand's global imports. Since then, due to the severe crisis in Thailand, it caused a direct impact on Thailand's import from Oman for about five years. The crisis obviously brought down the value of Thailand's import from Oman to only $220 million in 1998 and gained a small recovery at $309 million in 1999 and again declined marginally at $283 million in 2000 and further fell to only $255 million in 2001. In 2002, it started to grow again which stood at $424 million in 2002 and dramatically jumped to $1,409 million in 2003 and further increased to $1,497 million in 2004. In 2005, Thailand's import from Oman registered a significant improvement by 61 percent from the previous year which stood at $2,417 million and showed a hefty growth at $2,760 million in 2006 which constituted the highest share rate at 2.19 percent of Thailand's global imports.

It is obviously undeniable that bilateral trade between Thailand and Oman has continuously increased since early 1990s but the balance of trade goes in favour of Oman chiefly because of Thailand's increasing dependence on Omani mineral fuel and oil. The data regarding the changing commodity composition of Thailand's imports from Oman during 2004-2006 has been provided in table 4.6 where it is observed that mineral fuel and oil has always dominated Thailand's import from Oman

Table 4.6
Thailand - Imports from Oman(Millions of US Dollars)

Description	2004	2005	2006
Oman	**1494.65**	**2415.73**	**2769.63**
Mineral Fuel, Oil Etc	1485.45	2401.63	2754.02
Fish And Seafood	8.02604	6.45604	7.26271
Inorg Chem;Rare Erth Mt	0	0.06566	5.70165
Machinery	0.01413	0.00584	1.37301
Glass And Glassware	0	0	0.73892
Organic Chemicals	0.75655	0	0.14513
Lac;Vegetabl Sap,Extrct	0.08422	0.16542	0.14248
Vehicles, Not Railway	0.00205	0.0502	0.13991
Ores,Slag,Ash	0.16088	0.09289	0.04761
Railway;Trf Sign Eq	0	0	0.02047
Aluminum	0	0	0.00782
Iron/Steel Products	0	0.01246	0.00742
Plastic	2.53005	0.00069	0.00258
Live Animals	0	0	0.00139
Textile Floor Coverings	0.00038	0.00616	0.00139
Misc Textile Articles	0	0.00131	0.00067
Furniture And Bedding	0.00038	0.00113	0.00026
Woven Apparel	0	0	0.00023
Electrical Machinery	0.0012	0.00441	0.00019

Source of data: Thai Customs Department

which constituted at least 95 percent of total Thailand's commodity import from Oman. Meanwhile non-oil commodity import from Oman became negligible. It can be said that Oman is expected to remain Thailand's substantial source of oil imports for a long time. Thus, it would be useful to look further at the trends in the import of oil and other related items from Oman to Thailand. In 2004, Thailand's import of mineral fuel and oil from Oman constituted $1,485 million and registered a substantial expansion to $2,401 million in 2005 and further increased to $2,754 million in 2006 which constitutes 96 percent of Thailand's total import from Oman. Thus, during 2004- 2006, Thailand's mineral fuel and oil import from Oman registered growth by 85 percent. Thailand's second largest import commodity from Oman was fish and seafood. In 2004, its value of import from Oman was around $8 million but marginally fell to around $6 million in 2005 and gained considerably to more than $7 million. Inorganic chemical was the third largest import commodity of Thailand from Oman which was around $0.06 million in 2005 and massively expanded to $5 million in 2006 which increased manifold from the previous year. The next important commodity import from Oman was machinery which was $0.01 million in 2004 and significantly rose to $1.37 million in 2006. Glass and glassware also was an important import commodity from Oman that constituted $1.37 million in 2006. Organic chemical, vegetable, vehicle(not railway), ores-slag-ash, railway, aluminum, iron and steel products, plastic, live animal, textile, furniture and bedding, woven apparel, electrical machinery are among the products which were destined to Thailand from Oman with a small value.

4.4 Thailand's import from Qatar.

Traditionally, the Qatari economy was based on the nomadic farming of livestock, and on fishing and pearling. Significant reserves of petroleum were discovered in 1939, providing the basis for Qatar's transformation into one of the richest countries in the region by the 1970s. Qatar had a reputation for caution in its economic policy, but in the late 1980s moves towards economic restructuring were made, and reforms took place, in anticipation of a sharp reduction in Qatar's output of crude petroleum after 2010. As a result, in 1987 the Government introduced a programme of industrialization, centered on ambitious plans for the development of the North Field, the world's largest single natural gas deposit[18]. Qatar has huge reserve of gas deposits. In fact, Qatar's proven reserves of natural gas at the end to 2004 were 25,768 billion cubic meter represented around 15.02 percent of the world's total reserves. Qatar has the largest reserves of gas among G.C.C. countries. The demand for the gas has been increasing day by day because of its sophistication of utilisation, and environment friendliness. Consequently, Qatar government

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[18] Opcit. 2, p 946

has introduced its long term policy to get an annual production capacity of 45 million tones of LNG by 2010.

Incidentally, Qatar, with its limited and depleting oil reserves, has sought wider participation by international companies in upstream ventures on a production sharing basis. Qatar is offering liberal terms with a view to making the small and difficult structures available for development attractive to foreign investors. Now, in the petrochemicals sector, more companies are opening acreage for re-exploration, and competing for oil technology and finance[19].

Thailand imports most of its oil requirement from G.C.C. countries especially from United Arab Emirates (UAE), and Saudi Arabia. Qatar in fact was not a major source of Thailand import for oil but the trends of oil import from Qatar keep increasing year by year along side with the increasing volume of non-oil import from Qatar. The data regarding the changing volume of Thailand's import from Qatar during 1988-2006 is given in Table 4.7 where it is observed that Thailand's import from Qatar had been fluctuating widely. In 1988, the value of Thailand's import from Qatar stood at $98 million which registered a relatively massive improvement to $127 million in the following year. Thailand's import from Qatar seemed to be seriously affected from the

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[19] Opcit. 10,p 43

Table 4.7

Trends in Thailand's Imports from Qatar (US $ Million)

Year	Thailand's Imports from Qatar	Thailand's Total Imports	Thailand's Imports from Qatar as Percentage of Thailand's Total Imports
1988	98	20,298.00	0.48
1989	127	25,373.00	0.50
1990	62	33,408.00	0.19
1991	23	37,925.00	0.06
1992	19	40,686.00	0.05
1993	8	46,065.00	0.02
1994	15	54,394.00	0.03
1995	90	73,692.00	0.12
1996	222	73,336.00	0.30
1997	248	62,804.00	0.39
1998	220	43,108.00	0.51
1999	309	50,350.00	0.61
2000	283	61,923.00	0.46
2001	255	62,057.00	0.41
2002	424	64,721.00	0.66
2003	471	75,809.00	0.62
2004	716	94,637.00	0.76
2005	839	118,191.00	0.71
2006	1,552	125,975.00	1.23

Sources: Direction of Trade Statistics, Year Book 1993,1995, 1997, 2000, 2002 and 2003, Direction of Trade Statistics Quarterly , September 2004, March 2006 and September 2006, I.M.F. Publication, Washington, D.C. and Bank of Thailand ,Bangkok.

incident of Gulf War in 1990- 1991 as the value of Thailand's import from Qatar had been continuously declining. In 1990 it dropped to only $62 million and showed a further fall to only $23 million in 1991 and to $19 million in 1992. The lowest level of Thailand's import from Qatar had been displayed in 1993 where it was only $8 million and gained a marginal recovery since then. It stood at $15 million in 1994 and increased to $90 million in 1995. Qatar's export to Thailand gained a momentum which showed a pronounced expansion to $222 million in 1996 and further expanded to $248 million in 1997. Thailand's import from Qatar had marginally been affected from the Thailand's financial crisis which brought down the value of its import from Qatar to $220 million in 1998 from $248 million in the previous year. Immediately, it gained a recovery to $309 million in 1999 and again dropped to $283 million and $255 million in the next two years. Since then, the trend of Thailand's import from Qatar had been continuously increasing which was $424 million in 2002 and improved to$471 million in 2003. In 2004, Thailand's import from Qatar showed a massive increase to $716 million which registered a growth by 65 percent from the previous year. Besides, it expanded to $839 million in 2005. The momentum of Thailand's import from Qatar was shown in 2006 which constituted the largest improvement in history to reach at hefty $1,552 million, increased from the previous year by 54 percent. Consequently, during this period, Thailand's import from Qatar registered growth of around 1,400 percent. Meanwhile Thailand's global import grew by only 520 percent which is clearly slower than Thailand's import from Qatar. It could be concluded that Thailand became increasingly more dependent on this source of supply for both oil and non-oil commodities.

Due to Thailand's economic recovery after financial crisis in 1997, the industrial and export sectors play an important role in growth of the economy and earn more foreign exchange to the country which necessitates the rise in the demand of energy, oil as concerned. The prices of oil had also been increasing and this rising prices were creating problem for Thailand with the growing deficit in the balance of payment due to high oil import bill. In 2004, Thailand trade deficit with Qatar was $665 million and increased to $725 million and suddenly rose to $1,356 million. This rising deficit could directly be attributed to the increasing oil import from Qatar. The overall detailed analysis of changing commodity composition of Thailand's imports from Qatar is provided in Table 4.8. It is obviously found that oil has always constituted a substantial proportion of Thailand's imports from Qatar. Although oil dominates Thailand's imports, non-oil commodities have also gradually become important in Thailand's imports from Qatar. Thailand's import of mineral fuels and oil from Qatar was $613 million in 2004 and considerably expanded to $714 million in 2005

Table 4.8
Thailand - Imports from Qatar(Millions of US Dollars)

Description	2004	2005	2006
Qatar	**715.06**	**838.118**	**1552.34**
Mineral Fuel, Oil Etc	613.455	714.681	1431.43
Fertilizers	59.303	72.4083	65.9284
Organic Chemicals	31.5207	27.6079	23.1039
Plastic	9.03512	18.2143	22.702
Misc. Chemical Products	0	0	7.57146
Paper,Paperboard	0.04773	0.06076	0.06431
Wood	0	0	0.05412
Furniture And Bedding	0.00614	0.00345	0.02598
Iron/Steel Products	0	0.00204	0.01602
Book+Newspapr;Manuscrpt	0.00072	0.01211	0.01014
Machinery	0.00106	0.00379	0.00352
Electrical Machinery	0.0077	0.00108	0.00162
Knit Apparel	0.00018	0	0.00132
Aluminum	0.00112	7.2900005	0.00093
Ceramic Products	0	2.4300005	0.00088
Leathr Art;Saddlry;Bags	0.00013	0.00061	0.00047
Precious Stones,Metals	0.01057	0.01567	0.00035

Source of data: Thai Customs Department

accounted by 85 percent of Thailand's total imports from Qatar. In 2006, mineral fuel and oil import from Qatar remarkably increased to almost double to \$1,552 million which registered by 92 percent of Thailand's total import from Qatar. Consequently, during this pertained period, Thailand's mineral fuel and oil import from Qatar registered a growth by 133 percent. The second largest import commodity of Thailand from Qatar was fertilizers which constituted \$59 million in 2004 and massively rose to \$72 million in 2005 but relatively dropped to \$65 million in 2006. Thus, during this given period, its value of import from Qatar improved by only 10 percent. Organic chemicals were the third largest import commodity of Thailand from Qatar which showed a decreasing value of import year by year. Its value of import stood at \$31 million in 2004 and fell to \$27 million in 2005 and further down to \$23 million in 2006. The next important import commodity of Thailand from Qatar was plastic which displayed an increasing value of import. Its value of import constituted at \$9 million in 2004 and showed a double increase to \$18 million in 2005 and continuously rose to \$22 million in 2006. During this given period, Thailand's imports of plastic from Qatar expanded by 144 percent. A misc. chemical product was among the import of Thailand from Qatar, its value of import being \$7 million in 2006. Qatar's Inorganic chemical was also destined to Thailand; its worth was \$1.6 million in 2004 and increased to almost \$3 million in 2005 but dropped to \$1.18 million in 2006. Import of paper was $0.04 million and increased to $0.06 million and held steady in 2006. The next important commodity was furniture which registered at $0.02 million in 2006. It can be said that the mineral fuel and oil dominate Thailand's import from Qatar.

4.5 Thailand's import from Saudi Arabia.

Saudi Arabia economy is the largest economy among G.C.C. countries. Prior to the discovery of oil there was no existence of integrated national economy, economic activity outside Hejaz was confined to livestock raising, primitive agriculture and production of simple tools by craftsmen. The annual Haj pilgrimage provided an opportunity for business activity in Hijaz region[20].The economy of Saudi Arabia is dominated by petroleum, of which the country is by far the largest producer within the Organization of the Petroleum Exporting Countries (OPEC). Saudi Arabia has in fact significant influence on the OPEC's oil policy and its decision making process[21]. Saudi Arabia has received massive revenue from petroleum exports (particularly since the dramatic increase in international petroleum prices in 1973-74), which it has used, in part, to finance an ambitious programme of infrastructural development and modernization,

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20 Muhammad Azhar, *Indo-Saudi Economic Relations, Journal of West Asian Studies*, Centre of West Asian Studies, Aligarh, No. 14, 2000 ,p. 73

21 Mohammad Azhar, *Trade between India and West Asia in the Nineteen Nineties, Performance & Prospects*, Aligarh Muslim University Press, Aligarh, 2006,p 2

as well as far-reaching programme for health, social and educational purposes, Substantial budgetary allocations have also been made to the country's armed forces and to the purchase of sophisticated weaponry from abroad[22]. Saudi Arabia has spent substantial oil revenue in financing major industrial projects under successive development plans. The industrialization programme has focused on the construction of refineries and down-stream industries to exploit Saudi Arabia's reserves of petroleum and natural gas. The major projects were being undertaken as joint ventures between the state and foreign companies[23]. Saudi Arabia is now trying to increase the role of the private sector in the economy in several ways. These include attracting foreign investment in joint ventures, and using more of private sector capital to finance government projects. The importance of the private sector's role in the economy is because the driving force of the economy is manufacturing, finance, construction and agriculture, and it vows to facilitate a stronger and more diversified private sector by creating a positive environment for the private sector to invest in, develop and manage profitable enterprises. Saudi Arabian government intends to ask the private sector to shoulder a large part of the responsibility for setting up and operating new industrial towns[24].

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22 Opcit. 2, p 976

23 Ibid, p 979

24 Opcit.10, p 39

The data related trends in Thailand's imports from Saudi Arabia is given in Table 4.9 where it is found that Saudi-Thailand relation has gradually been restored after being constrained since 1989. The volume of Thailand's imports from Saudi Arabia mostly kept growing substantially as compared to Thailand's imports from her neighboring countries. In 1988, Thailand's imports from Saudi Arabia were $203 million which got a small share of only 1 percent of Thailand's global imports and displayed an increase to $325 million in the following year. During the Gulf War period, 1990-1991, Thailand's imports from Saudi Arabia had been increasing and stood at $412 million and $414 million, respectively which constituted more than 1 percent of Thailand's global imports. In 1992, it further increased to $519 million and registered a considerable decline to $484 million in the following year.

Thailand seemed to be increasingly dependent on Saudi Arabia's supply and the volume kept continuously growing. In 1994, Thailand's imports from Saudi Arabia stood at $527 million and expanded to $573 million in 1995 and further to $619 million and $856 million in 1996 and 1997, respectively. Due to Thailand's financial crisis, Thailand was forced to float free its currency, Thai currency suddenly depreciated in

Table 4.9
Trends in Thailand's Imports from Saudi Arabia (US $ Million)

Year	Thailand's Imports from Saudi Arabia	Thailand's Total Imports	Thailand's Imports from Saudi Arabia as Percentage of Thailand's Total Imports
1988	203	20,298.00	1.00
1989	325	25,373.00	1.28
1990	412	33,408.00	1.23
1991	414	37,925.00	1.09
1992	519	40,686.00	1.28
1993	484	46,065.00	1.05
1994	527	54,394.00	0.97
1995	573	73,692.00	0.78
1996	619	73,336.00	0.84
1997	856	62,804.00	1.36
1998	541	43,108.00	1.25
1999	666	50,350.00	1.32
2000	1150	61,923.00	1.86
2001	1349	62,057.00	2.17
2002	1225	64,721.00	1.89
2003	1700	75,809.00	2.24
2004	2363	94,637.00	2.50
2005	4044	118,191.00	3.42
2006	4260	125,975.00	3.38

Sources: Direction of Trade Statistics, Year Book 1993, 1995, 1997, 2000, 2002 and 2003, Direction of Trade Statistics Quarterly , September 2004, March 2006 and September 2006, I.M.F. Publication, Washington, D.C. and Bank of Thailand ,Bangkok.

July 1997. This incident brought down Thailand's global import from $62,804 million in 1997 to only $43,108 million which sent a direct impact on Thailand's imports from Saudi Arabia. It stood at only $541 million and regained a bit to $666 million in 1999. Since then the trends of Thailand's imports from Saudi Arabia gradually improved, except in 2002, and reached to peak at $4,260 million in 2006. During this period Thailand's imports from Saudi Arabia registered a hefty growth by 1,900 percent. Meanwhile the percentage growth in Thailand's global import was observed at 520 percent. Thus, Thailand's imports from Saudi Arabia have been growing much faster than Thailand's global imports.

Although diplomatic relation between Saudi Arabia and Thailand had been frozen and strained because of the gem scandal, Saudi Arabia's official's assassination and the disappearance of Saudi Arabia's businessmen in Thailand during 1989-1990. But bilateral trade between the two countries seemed to be marginally affected. Saudi Arabia was in fact Thailand's second largest trading partner among G.C.C. countries with the balance of trade always going in favour of Saudi Arabia. In 2004, the value of trade deficit of Thailand to Saudi Arabia was at $1,743 million and registered a pronounced expansion to $3,037 million but due to the massive improvement of Thailand's export to Saudi Arabia, its deficit dropped to $3,008 million in 2006. The overall deficit can be directly attributed to the Thailand's increasing demand for oil, particularly from

Saudi Arabia. Critical and detailed analysis of currently changing commodity composition of Thailand's imports from Saudi Arabia during 2004-2006 is provided in Table 4.10 which is important to understand the trend of Thailand's imports from Saudi Arabia. Mineral fuel and oil have always displayed as the most substantial items (with continuous increase) in Thailand's import from Saudi Arabia and meanwhile other non-energy commodity which were supplied from Saudi Arabia keep increasing year by year, such as organic chemical, fertilizers, plastic and so on. The value of Thailand's import of mineral fuel and oil constituted \$1,956 million in 2004 and remarkably expanded to \$3,482 million in 2005 and further increased to \$3,723 million in 2006 (accounted by 82 percent, 86 percent and 87 percent, of Thailand's total import from Saudi Arabia, respectively). Thus during this given period, Thailand's import of mineral fuel and oil registered growth by 90 percent. Thailand's largest non-energy import commodity from Saudi Arabia was organic chemical which stood at \$248 million in 2004 and significantly rose to \$358 million in 2005 but dropped to \$301 million in 2006. Consequently, during this period, imports of this item increased by 21 percent. Saudi Arabia's fertilizer was second largest non-energy products destined to Thailand, its value of import showed at \$105 million in 2004 and displayed a relatively huge increase to \$139 million in 2005 and further rose to \$153 million in 2006. Thailand's

Table 4.10
Thailand - Imports from Saudi Arabia(Millions of US Dollars)

Description	2004	2005	2006
Saudi Arabia	**2358.68**	**4041.5**	**4260.99**
Mineral Fuel, Oil Etc	1956.27	3482.4	3723.78
Organic Chemicals	248.419	358.014	301.834
Fertilizers	105.721	139.131	153.052
Plastic	29.7621	46.0655	54.1469
Fish And Seafood	2.6912	4.91534	5.63686
Inorg Chem;Rare Erth Mt	0.44141	0.24584	4.79519
Aluminum	1.01528	0.74361	3.94433
Tanning,Dye,Paint,Putty	2.42317	2.35599	3.66701
Misc. Chemical Products	0.01041	0.33423	2.71713
Copper+Articles Thereof	0.06257	0.00666	1.85908
Wadding,Felt,Twine,Rope	0.23677	0.46579	1.00775
Machinery	0.21941	0.68338	0.97156
Precious Stones,Metals	7.40005	1.53419	0.67046
Manmade Filament,Fabric	0.28988	0.41817	0.62586
Stone,Plastr,Cement,Etc	0.51627	0.5084	0.55077
Paper,Paperboard	0.18659	0.1416	0.46545

Source of data: Thai Customs Department

import of Plastic from Saudi Arabia showed a continuously increasing trend which increased from $29 million in 2004 to $46 million in 2005 and further increased to $54 million in 2006. Thailand's next important import product from Saudi Arabia was fish and seafood which also showed a continuous expansion during given period. Its value of import jumped from only $2 million in 2004 to $5 million in 2005 and further climbed to $5.6 million in 2006, registered an increase of approximately 150 percent during this period. Import of Inorganic chemical from Saudi Arabia constituted a massive increase from only $0.2 million in 2005 to hefty $4.7 million in 2006. Import of aluminum from Saudi Arabia came down from $1.01 million in 2004 to $0.7 million but it managed to increase to $4 million in 2006, registering a hefty growth of 300 percent. Tanning, dye, paint, putty was the next important import of Thailand from Saudi Arabia in 2004-2006, its imports increased from $2.4 million in 2004 to $3.6 million 2006. Thus, during this period import of this item increased by 50 percent. Import of chemical products increased from $0.01 million in 2004 to $0.33 million in 2005 and further increased to $2.7 million in 2006. Thus, during 2005-2006, its value of import registered growth by 712 percent. Import of copper from Saudi Arabia was $0.06 million but dropped to only $0.006 million in 2005 and again increased to hefty $1.8 million in 2006. Wadding, felt, twine, rope, machinery, precious stone, manmade filament, cement, paper are among the Thailand's non- energy import from Saudi Arabia but which constitutes a marginal and negligible proportion.

4.6 Thailand's import from United Arab Emirates.

Prior to the first exports of oil in 1962, UAE economy was dominated by pearl production, fishing, agriculture, and herding. The pace of their change increased appreciably following independence in 1971, leading to the creation of the federal state of the United Arab Emirates (UAE), and the increase in the price of oil dictated by the Organization of the Petroleum Exporting Countries (OPEC) of which UAE is a member[25]. Since the rise of oil prices in 1973, petroleum has dominated the economy, accounting for most of its export earnings and providing significant opportunities for investment. UAE has huge proven oil reserves, estimated at 98.8 billion barrels in 2003, with gas reserves estimated at 212 trillion cubic feet. At present production rates, these supplies would last well for over 150 years. In 2006, UAE produced about 2.8 million barrels of oil per day[26]. UAE has displayed the greatest immunity to the effect of reduced oil revenues and mounting government expenditure. But, as elsewhere in the G.C.C. countries, financial planners have realized that the old pump and spend policy which relies solely on the level of oil revenues is not

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25 Opcit. 2, p. 1,185

26 Viewed at www.state,gov/r/pa/ei/bgn/5444.htm.

sustainable over the long term. There are increasing signs that the federal government, and some individual emirates, are starting to respond to the changing economic scenario of the late 1990s[27]. The policies conducted by UAE authorities were far sighted in the sense that they struggled to diversity their economy and promote other sectors of the economy. Although the outstanding economic role in UAE played by oil and gas, the numerous free trade zones established in the country are also contributing tremendously to the value of exports and UAE has established herself as a regional trade hub.

The data regarding to Thailand's imports from UAE during 1988-2006 is provided in Table 4.11. Where it is found that in 1988 the value of Thailand's imports from UAE stood at $245 million which claims a small portion only around 1.21 percent of Thailand global import. In 1989, it showed an improvement to $286 million and increased to $306 million in the following year. However, in 1991, the value of Thailand's imports from UAE registered a marginal downturn to $297 million and got a recovery to $316 million in 1992. In 1993, it was at $447 million and increased to $570 million in 1994 and jumped to $678 million, $779 million, $846 million, in 1995, 1996, and 1997, respectively. In 1998, Thailand's total import fell to only $43,108 million from $62,804 million

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27 Opcit. 10, p. 42

Table 4.11
Trends in Thailand's Imports from U.A.E. (US $ Million)

Year	Thailand's Imports from U.A.E.	Thailand's Total Imports	Thailand's Imports from U.A.E. as Percentage of Thailand's Total Imports
1988	245	20,298.00	1.21
1989	286	25,373.00	1.13
1990	306	33,408.00	0.92
1991	297	37,925.00	0.78
1992	316	40,686.00	0.78
1993	447	46,065.00	0.97
1994	570	54,394.00	1.05
1995	678	73,692.00	0.92
1996	779	73,336.00	1.06
1997	846	62,804.00	1.35
1998	723	43,108.00	1.68
1999	872	50,350.00	1.73
2000	1766	61,923.00	2.85
2001	1529	62,057.00	2.46
2002	1428	64,721.00	2.21
2003	2028	75,809.00	2.68
2004	3812	94,637.00	4.03
2005	5699	118,191.00	4.82
2006	7217	125,975.00	5.73

Sources: Direction of Trade Statistics, Year Book 1993, 1995, 1997, 2000, 2002 and 2003, Direction of Trade Statistics Quarterly , September 2004, March 2006 and September 2006, I.M.F. Publication, Washington, D.C. and Bank of Thailand ,Bangkok.

in the previous year due to the Thailand's financial crisis. Therefore, Thailand's imports from UAE also dropped from $846 million in 1997 to only $723 million in 1998. In 1999, it increased to $872 million and more than doubled, it reached to hefty $1,766 million in 2000 and again slightly dropped to $1,529 million and $1,428 million in 2001 and 2002, respectively. Since then, Thailand's imports from UAE constituted massive amount with a continuous growth which stood at $2,028 million in 2003 and increased to $3,812 million in 2004, to $5,699 million in 2005 and finally reached the peak at $7,217 million in 2006. Of course, UAE is the Thailand's biggest trading partner among G.C.C. countries. During 1988-2006, the percentage growth of Thailand's imports from UAE was 2,845 percent meanwhile the percentage growth of Thailand total imports was 520 percent. Thus, it is clear that during this particular period the percentage growth of Thailand's imports from UAE was much faster than the percentage growth of Thailand's global import.

UAE is seen as the gateway of Thailand to the Middle East and is the number one trading partner for Thailand in the region. In 2004 the total trade between Thailand and UAE stood at $6.8 billion and significantly expanded to $8.5 billion in 2006. In 2007, the volume of bilateral trade reached $9.3 billion, Thailand in fact holding an adverse trade deficit. Major exports from Thailand include machinery, vehicles, electrical machinery, manmade staple fibers, precious stones, metals, plastic, iron steel, footwear etc. Major imports from UAE to Thailand include oil, fuel, aluminum, precious stone, metals, iron and steel, chemical products etc. Thailand imports the most amount of oil from UAE, around 33% of all oil imports from around the world, the trend seems to be increasing year by year. The increasing oil price in the global market and increasing demand for energy for Thailand from UAE could be directly attributed to Thailand's growing trade deficit with UAE. Balance of trade deficit with UAE stood at $2,843 million in 2004 and suddenly rose to $4,521 million in 2005 and further increased to $5,733 million in 2006. A detailed analysis of changing commodity composition of Thailand's import from UAE is in fact important to understand the trend of Thailand's import from UAE. No doubt, mineral fuel and oil has always displayed a substantial proportion of Thailand import from UAE. Despite mineral fuel and oil dominating Thailand imports, non-oil commodities have also gradually become important in Thailand's imports from UAE. Table 4.12 provides data about the share of oil and non-oil commodities in Thailand's imports from UAE. Mineral fuel and oil were supplied by UAE to Thailand constituting at $3,645 million (accounted by 95 percent of Thailand's total import from UAE) in 2004 and considerably increased to $5,531 million (accounted by 97 percent of Thailand's total import from UAE) in 2005. In 2006, mineral fuel and oil import from UAE had gone

Table 4.12
Thailand - Imports from United Arab Emirates (Millions of US Dollars)

Description	2004	2005	2006
United Arab Emirates	**3805.94**	**5695.49**	**7217.55**
Mineral Fuel, Oil Etc	3645.29	5531.82	6974.97
Aluminum	102.361	88.4966	128.995
Precious Stones,Metals	22.5997	27.5173	52.1846
Food Waste; Animal Feed	0.23482	0.14114	19.3436
Plastic	19.944	20.3342	16.7554
Iron And Steel	1.26429	8.26073	12.7725
Machinery	2.39297	2.19102	1.559
Fish And Seafood	1.85995	1.0079	1.47221
Woodpulp, Etc.	2.37474	3.50399	1.39438
Iron/Steel Products	0.66693	4.09248	0.97111
Electrical Machinery	0.19595	0.14574	0.7958
Perfumery,Cosmetic,Etc	0.27114	0.18719	0.74199
Tanning,Dye,Paint,Putty	1.20704	0.68902	0.6821
Copper+Articles Thereof	0.00089	0.1471	0.62257
Ships And Boats	0.02274	0.33648	0.49244
Stone,Plastr,Cement,Etc	0.23584	0.23485	0.37836
Fats And Oils	0.1257	0.29484	0.37062
Paper,Paperboard	0.04014	0.06815	0.32867
Aircraft,Spacecraft	0	0	0.31491
Misc. Chemical Products	0.04428	0.13308	0.25667

Source of data: Thai Customs Department

even further to reach hefty $6,974 million (accounted by 96 percent of Thailand's total import from UAE). Thus, during this given period, Thailand's import of mineral fuel and oil registered a growth by 91 percent. Meanwhile Thailand's total import from UAE showed a growth by 133 percent. So the growth of import of oil from UAE was still slower than growth in Thailand's total import from UAE. Aluminum was Thailand's largest non-energy import commodity from UAE which displayed at $102 million in 2004 and showed a big drop to $88 million in 2005 and gained a massive recovery to $128 million in 2006. Thailand's import of precious stones and metals from UAE showed a continuous expansion from $22 million in 2004 to $27 million in 2005 and suddenly reached to $52 million in 2006. Thus, during this given period, its import value registered an interesting growth by 136 percent. A big surprising increase of Thailand's commodity import from UAE was food waste and animal feed which displayed a massive increase from only $0.2 million in 2004 to $19 million in 2006. Thailand's import of plastic form UAE also showed a substantial value which stood at $19 million in 2004 and increased to $20 million in 2005 but declined to $16 million in 2006. Iron and steel were among the important import commodities with remarkably increasing trend. Its value of import stood at $1 million in 2004 and remarkably expanded to $8 million in 2005 and to $12 million in 2006. The value of Thailand's import of machinery from UAE held nearly steady at around $2 million in 2004 and 2005 but dropped to $1.5 million in 2006. Import of fish and seafood from UAE was $1.8 million and declined to $1 million and increased to $1.4 million in 2006. Import of wood pulp from UAE also showed a relatively large proportion as compared to non-energy commodity import which was $2.3 million in 2004 and significantly rose to $3.5 million in 2005 but dropped to $1.3 million in 2006. Iron and steel products were also imported from UAE which amounted to $0.6 million in 2004 and suddenly rose to $4 million in 2005 and dramatically dropped to only $0.9 million in 2006. Other commodities in Thailand's import from UAE which registered a marginal value are as follows: electrical machinery, perfumery and cosmetic, tanning-dye-paint-putty, copper, ships and boats, stone and cement, fat and oil, paper, aircraft and chemical products.

CHAPTER 5

Chapter 5

Thailand's strategies in G.C.C. *labour market*

In the previous chapter an effort was made to discuss the details of Thailand's export to and import from the G.C.C. countries. Obviously, the study represents the enormous increase in Thailand's export to the G.C.C. region since the last three decade. The export and import policies also had been conducted to dismantle various regulatory policies and stimulate export. All these policies have clearly left a distinct impact on the mechanism of Thailand export to the G.C.C. market. The present chapter throws light on the study regarding Thailand's labour export to the G.C.C. countries. This study describes in detail about the trend and pattern of Thailand's labour exports to G.C.C. countries. The data for this study is available from early 1980s. The skill compositions of labour exports and Thailand's competitors in the G.C.C. labour market also have also been covered in this comprehensive study. The problems faced by these workers in the host countries will also be examined. The remittances earned and sent by these migrant workers are identified as a significant source of foreign exchange earnings for Thailand economy. The remittance inflow is very important and enormous impact especially on the region of migrant workers, northeast area in particular. The number of capital inflow by the migrant workers and the macro-economic impact of the labour exports would also be discussed in details. Further, the policies adopted by the government of Thailand for the Thai workers would also be discussed.

A fundamental characteristic of people is their movement from place to place. The right to move was recognized globally over a half century ago with the adoption of the Universal Declaration of Human Rights[1]. Throughout history the movements of human populations have formed an inherent part of major processes of structural change. Such movements have taken numerous forms as a response to political or economic pressure, spontaneous or coerced, involving large units like nations or smaller selected groups like minorities of various kinds. The movements have been temporary or more permanent, crossing local or national boundaries[2].Since the advent of capitalism, particularly since the middle of the nineteenth century, one particular form of migration has become prevalent. This migration has the following main characteristics[3]. First, it does not involve whole nations but only subsection of them. Second, it is not usually brought about through coercion but is induced structurally. The structural forces impelling migration are fundamentally

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1 International Migration Report, 2002 UN, New York, 2002
Department of Economic and Social Affairs Population Division, p 1-2

2 Grete Brochmann, *Middle East Avenue Female Migration from Sri Lanka to the Gulf*, Westview press, 1993, p 13

3 Portes, Alejandro, and John Walton, *Labour class and the international system*, New York, Academic Press. 1981

economic; they reflect population pressure on resources, growing inability to meet local demands or generally a growing inability to reproduce the productive force[4]. Thai workers have been going to work especially in developed countries, such as European countries and the U.S.A. since long time ago. But they have been going privately without anyone sending them, such as doctors, nurses and so on. The practice of outflow of workers abroad began about more than 30 years ago. In 1973, workers went to undertake service works in England. Then later in 1974, workers started going to the Middle East which has since become the most important source of employment abroad for Thai workers. The flow of Thai workers expanded from hundreds per year to 100,000 per year in a few years. The Thai labour force became desirable to foreign markets as they were good workers accepting rather low wages when compared with skilled workers of the same level from other countries[5].They acquired their jobs through the Department of Labour and through registered private employment agents under the supervision of the Department of Labour. A large number of recruitments are believed to have taken place outside the supervision of the Department of Labour, estimated to be about two thirds

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4 Ibid.

5 *Thai Manpower guide*. Overseas Employment Administration Office, Department of Labour, Bangkok,P20

of the total number of Thai workers gone overseas for employment during the period 1975-1981[6].

The discovery of huge amount of oil in the G.C.C. countries during 1973-74 and afterwards resulted in massive increase in the oil revenue inflow of the G.C.C. countries. This transformed G.C.C. countries into one of the most affluent region in the world. As a result of increasing oil revenue inflow, the G.C.C. countries embarked upon an economic policy aimed at expanding and diversifying the sources of national income. This in turn required implementation of huge development programmes to create adequate infrastructure. This forced the establishment of basic infrastructure like buildings, roads, ports, communication network, educational and training facilities etc. So, the massive demand for expatriate labour force had been there because local labour force was insufficient to meet the required demand. Besides, the indigenous labour had not always the minimum skills required for the proper utilization of revenue provided by the massive inflow of oil revenue. This was supposed to make the subsequent economic development feasible by enlarging the absorptive capacity of these economies. This was expected to remove impediments in the way of industrialization as well as existing symptoms

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6 Chanasak Yuvapurna, Deputy Director-General, Department of Labour and Senchai Reantrugoon, Director, International Labour Affairs Division, Department of Labour, " Background information paper" to the International Labour Organisation, Bangkok, Tripatite Inter-Regional Round Table on International Mkigration, September 1984.

of 'underdevelopment'. The fear of oil depletion, however, necessitated creation of some alternative production sectors which could help the economy in maintaining high level of income when oil gets exhausted. This needed a fundamentally original approach keeping in mind the peculiar resource base of these economies and the limitations imposed by that[7]. Consequently, they had got no choice but to promote and welcome foreign worker to play the role in those tasks. In the early days of the new oil era this need was mainly catered from the poorer Arab countries, which traditionally had contributed any extra labour power needed in the G.C.C. countries. Soon after the boom commenced ,this group was, however, amplified by a steadily increasing flux of male workers from Turkey, Iran, Afghanistan, Thailand, South Korea, the Philippines, Malaysia, Indonesia, India, and Sri Lanka. The new tendency of recruiting Asians instead of other Arabs was brought about partly because Asian labour was cheaper and partly because some of the former supplier countries (particularly Iran and Iraq) began to develop their own economies, which made remaining in the national labour markers more attractive to their workers than migrating to the oil-rich Gulf-states. Another important factor behind the change in the composition of foreign labour was that non-Arabs were considered less of a risk politically. The regimes of the oil-rich states had presumably calculated that their leverage over non-Arabs would be greater than over

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7 Subhash Narula,, *Gulf Economies in Indian Perspective,* Commonwealth Publishers, 1988,p 35-36.

Arabs and therefore opted for gradually replacing the potentially politicized Arabs with more obedient and politically docile Asian workers. Arabs, being familiar with the language, religion and also culture, had found ways of staying for lengthy periods of time, bringing their families with them and thereby also exerting a burden on the infrastructural facilities of the countries[8].

Beyond the oil and trade dynamic is the human element. Approximately, 70% of the G.C.C.'s labour force is made up of expatriates, who send home nearly $ 30 billion as remittances annually. Again, of the 12.5 million expatriates in the region, about 70% of them are Asians[9]. As in many other countries, large-scale migration of workers from Thailand was persuaded by the demand generated in the oil-exporting countries, particularly G.C.C. countries for expatriate labour for implementing those countries's extremely enormous infrastructural development plans and programmes as mentioned earlier.

The first group of Thai workers was that of ex-employees of the U.S. construction firms who used to work in the companies run under U.S. air bases in the northeastern Thailand. After the withdrawal of U.S. forces from Thailand, those companies moved to the G.C.C. countries.

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8 Grete Brochmann, *Middle East Avenue Female Migration from Sri Lanka to the Gulf*, Westview press, 1993, p 44-45.

9 Gulf Research Center, G.C.C.- India Research Bulletin, Issue 2, June 2006 p.3

But, as it was those companies could not obtain adequate labourers from the local labour market, they turned again to hiring Thai workers by offering them very attractive wage rate[10]. Therefore, these companies were the main conduit for Thai workers to find employment overseas, mainly in unskilled jobs. It was not until 1977 that the labour export from Thailand was conducted by private Thai recruitment agencies[11]. Although the emigrant workers are only .025% of the total Thai labour, but they mostly belong to some particular villages in the northeastern region. There are two reasons for this high concentration of emigrant workers in some villages. First, there is information problem. Second, those who want to emigrate must have enough assets to pay the commission fee for employment which runs as high as 40,000 baht[12] for a one-year contract[13].

So far the most important destination for Thai migrant workers is the G.C.C. countries, the majority of these travelling to Saudi Arabia to work. Apart from G.C.C. countries, the most popular destinations are Singapore, Japan, Brunei and Malaysia, receiving among them 10 percent of the total. Because of the relative ease of travel to

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10 Hongpha Sangthanapurk, *The consequences of overseas migration on rural labour market*, Thammasat University, 1988, p 1-3

11 Chalonghop Sussangkarn and Yongyuth Chalamwong, OECD Development Center Workshop on Development Strategy, Employment and Migration 11-13 July 1994 Paris,France.
Development Strategy and Their Impacts on Labour Market and Migration: Thai Case Study, Thailand Development Research Institutes, p 25

12 25-26 baht equals to 1 US dollar. One baht equals US $0.040-0.039.Bank of Thailand.

13 Sumalee Pitiyanon, *The Impact of Contract Migration on Rural Labour Market*: The Case Study of some villages in the Northeastern of Thailand, 1982 (in Thai language)

Malaysia and Singapore, it is likely that proportionately more migrant workers travelling to those two destinations go unrecorded. With the downturn in construction and other sectors of the economy as a consequence of the fall in oil prices, the market for foreign labor in the region did contract somewhat[14]. The national development plans also envisaged reducing the dependence on foreign workers, replacing them by their own nationals. For example, Saudi Arabia's six-year economic development plan (1985-90) envisaged a cut in the stock of foreign workers by some 600,000[15]. However, estimates issued by the Central Department of Statistics and Information indicated that the Kingdom's total population stood at 23.1 million at the end of 2005, 16.8 million of which were Saudis and 6.3 million non-Saudis. Again, according to the statistics of the Ministry of Labour, total labour force working in the private sector in the Kingdom of Saudi Arabia stood at 5.4 million, with Saudis constituting only 11.6% and non-Saudis 88.4%. Therefore, it can be described that countries in the Gulf, particularly Saudi Arabia- have become dependent upon migrant labor, and substantially reducing that

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14 Nagi, Mostafa H., *Determinants of current trends in labor migration and the future outlook*. In Fred Arnold and Nasra M. Shah (eds.) Asian Labor Migration: Pipeline to the Middle East. Boulder, Westview Press, 1986, P 58-64.

15 Visetbhakdi, Norani, *Labour exports to the Middle East*. Bangkok Bank Monthly Review 27 (10) 1986:,p 436-441.

dependence will not be easy nor will it be achieved in the short term[16]. So far, the accelerated growth in the demand for labour could not possibly have been met from the Saudi supply of labour alone, which was increasing at a stable rate of about 3 percent a year. The gap between total demand for labour and domestic supply of labour, itself growing over time, had to be bridged by the expatriate labour[17].

Since 1950s when oil discoveries in the West Asian region turned the area into one of the richest one in the world, the demand for expatriate labour force has been there due to the fact that native labour force was neither available in required number nor did it possess even the minimum skill needed for its proper utilization. In such labour scarce economies where mounting oil revenues prompted the creation of minimum basic infrastructure like roads, telecommunications, housing, education etc., there was no alternative but to liberalise the immigration of foreign labour. Thus, the expatriate labour from various places started flowing to the G.C.C. countries. However, till 1973, the growth of labour migration was moderate due to its limited demand resulting out of stable oil price and revenue. It was the post 1973 period that brought changes in

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16 Findlay, Allan M., *The Role of International Labour Migration in the Transformation of an Economy*: The case of the Yemen Arab Republic. International Migration for Employment, Working Paper. Geneva: International Labour Office. 1987, P 24-25.

17 Ismail A. Sirageldin, Naiem A. Sherbiny,1984, *Saudis in Transition, The Challenges of a Changeng Labour Market*, The World Bank Oxford University Press. P 66.

the situation and oil earnings in the Gulf started accumulating[18]. Consequently, Thai's labour, most of them semi-skilled and unskilled labour force, were attracted by the job opportunities and the accompanying high salary in the G.C.C. countries .The Thai's labour outflow to the G.C.C. countries started in the late 1970s.

The data about Thai labour outflow is available in table 5.1.The data relatively under-estimates the real number of outflow of Thai's labour force. Nevertheless, it is identified as a significant tool to estimate the real size of outflow of Thai's labour force. The number of Thai workers required abroad approved by department of Labour for the period 1978-2006 are also drawn in this table. It is clearly found that no exact number of Thai expatriate workers who annually migrated from Thailand to the other countries is available. However, some rough idea can be derived from the annual report of Overseas Employment Administration Office, Department of Labour, Ministry of Labour, government of Thailand. The data about Thai workers in G.C.C. countries is provided in Table 5.2.

The Labour Department data included only those who got approved by Department of Labour. As a result, the number which represented in the Table 5.1 represents only partial data of the workers

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18 Subhash Narula, *Gulf Economy In Indian Perspective*, Commonwealth Publichers, 1988,p 145-146

Table: 5.1
Annual Labour Outflows From Thailand (1978-2006)

Year	Number of Persons
1978	14,465
1979	9,129
1980	20,881
1981	24,730
1982	108,127
1983	66,998
1984	72,513
1985	69,685
1986	112,443
1987	105,988
1988	118,957
1989	125,314
1990	63,024
1991	63,849
1992	206,998
1993	370,500
1994	169,764
1995	202,296
1996	185,436
1997	183,671
1998	191,735
1999	159,556
2000	177,709
2001	165,047
2002	160,807
2003	147,769
2004	148,596
2005	139,667
2006	160,846
2002	160,807
2003	147,769
2004	148,596
2005	139,667
2006	160,846

Note: Sending Workers Through the Department of Labour
Source: Office of Overseas Department Administration, Department of Employment

migrating from Thailand to abroad of which no doubt the largest size going to G.C.C. countries. The fluctuation in the size of Thai's expatriate labour force to other countries are frequently seen due to the various factors. In 1978, the number of worker outflow was 14,465 which suddenly decreased in the next year. This could be attributed to the reduction of Thai labour force in many countries. For example, Saudi Arabia dropped from 8,502 to 7,645, in Kuwait largely dropped from 2,176 to 188, in U.A.E. 262 to 146. Unfortunately, no related research data described the clear factor responsible for huge drop in this particular period. However, it can be more appropriately attributed to the expiry of short-term contract for number of Thai workers and some company accomplished work in the region. The oil price hike and consequent massive oil revenue inflow created the huge expansion of fundamental economic infrastructure in all G.C.C. economies. Because of this a rapid increase in Thai expatriate workers in 1980 was observed which reached a peak level of more than 100,000 in 1982[19]. In Saudi Arabia, rising from 7,645 to 9,948, Qatar also exhibited a significant increase from 165 to 1,538. Despite this, the number of Thai labour force decreased in some countries in this period, like in Kuwait dropped from 2,176 in 1978 to 608 in 1981. Still the overall number considerably kept increasing year by year. During Iraq-Iran war, the overall size remained relatively fluctuating. Although Thai labour

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19 Annual report, Office of Oversea Employment Administration, Department of Labour, 1983,p 12-13

outflow significantly rose in 1989 and reached 125,314, but again sharply dropped around 1990-91 which could be attributed to the war which worked as a significant factor for this drastic downturn. Nonetheless, when the normal situation tended to be restored, after the end of Gulf war the demand for Thai labour force again experienced a very high increase since 1992. The increasing number of Thai labour force managed to go up by more than three times from 63,849 in 1991 to 206,998 by early – 1992. This could be certainly attributed on account of post war rebuilding and reconstruction in some devastated G.C.C. economies and especially the Thai government's policy to expand the volume of Thai manpower export. This huge demand came to keep unchanged till 1998 but after that labour outflow started gradually going down due to the volatility of the oil price in the global market and it again started rising in 2000. Since then, Thai labour outflow all the time kept fluctuating till now which range between 130,000-170,000.

International labour migration is not a new phenomenon in G.C.C. countries. It has grown steadily since the Second World War. However, since the early 1970s there has been a profound change in the nature and scale of this migration. The cause of this shift was the oil-price explosion of 1973-74 and the vast increase in revenues that flowed in the Gulf states: Kuwait, Bahrain, Qatar, the United Arab Emirates (UAE), Oman and Saudi Arabia. This sudden prosperity triggered a rapid economic and social transformation that called for labour power in a wide range of activities[20]. The development process in G.C.C. countries began with a rapid pace since the year 1973. It picked up momentum quickly and the following years saw the intensification of this process[21]. As already mentioned the data about the annual labour outflow from Thailand to G.C.C. countries and data on the distribution of Thailand workforce to the various G.C.C. countries for the period of 1978- 2006 is provided in Table 5.2.

In 1982, statistical data disclosed the enormous increasing trend of the outflow when 88,178 of Thai workers went to Saudi Arabia alone. Moreover, other G.C.C. countries did not experience reduction in the Thai workers, except Bahrain and Kuwait. Consequent to the reduction of inflow of oil revenue to the G.C.C. economy, the Thai's labour export suffered continuous decline. Again very clear example can be taken from the Thai workers in Saudi Arabia where Thai workers significantly dropped to 51,262 in 1983 from 88,178 in 1982. However, in some G.C.C.

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20 Grete Brochmann, *Middle East Avenue Female Migration from Sri Lanka to the Gulf*, Westview press, 1993, p 43.

21 Subhash Narula , *Gulf Economies in Indian Perspective*, Commomwealth Pullishers, New Delhi, 1988, p 152 -153.

Table 5.2
Number of Thai worker working in G.C.C. countries: 1978-2006

Year	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	U.A.E.	Total
1978	N.A.	2,176	N.A.	76	8,502	262	11,016
1979	75	188	"	165	7,645	146	8,219
1980	306	958	"	1,017	9,948	757	12,986
1981	380	608	"	1,538	9,420	59	12,005
1982	10	577	"	2,825	88,178	310	91,900
1983	198	2,208	109	1,020	51,262	161	54,958
1984	965	2,514	736	801	47,587	540	53,143
1985	928	1,200	189	746	42,664	839	46,566
1986	1,123	4,405	544	1,649	67,743	1,698	77,162
1987	1,156	3,216	214	1,813	64,134	2,328	72,861
1988	1,532	3,952	349	1,981	66,154	1,158	75,126
1990	942	1,325	365	1,515	9,970	1,072	15,189
1991	1,047	3,121	240	928	5,613	783	11,732
1992	3,500	2,885	500	3,000	51,109	2,500	63,494
1993	3,500	3,000	N.A.	3,000	15,000	2,500	27,000
1994	594	1,212	"	1,534	4,152	1,830	9,322
1995	345	978	"	1,761	2,905	1,470	7,459
1997	233	994	"	1,387	1,510	547	4,671
1998	368	986	"	887	1,561	1,298	5,100
1999	364	917	"	827	1,392	1,559	5,059
2000	392	919	208	392	1,250	1,902	5,063
2001	403	1,062	325	837	1,318	1,743	5,688
2002	367	1,264	262	1,939	1,204	2,171	7,207
2003	541	1,215	277	1,710	953	1,835	6,531
2004	538	1,261	269	1,963	962	1,842	6,835
2005	789	1,092	279	3,139	858	2,127	8,284
2006	1,094	3,906	408	7,516	856	3,624	17,404

Note: Sending Worker Through the Department of Labour.
Source: Office of Overseas Employment Administration, Department of Employment.

countries Thai labour force relatively increased, such as in Bahrain it increased from 10 in 1982 to 198 in 1983 and in Kuwait- from 577 in 1982 to 2,208 in 1983.

Since then the number of Thai labour migration to G.C.C. countries kept increasing but declined again at the end of 1980s.This reduction was further aggravated by the event relating to the gem scandal and murder of high ranking official of Saudi Embassy in Thailand and disappearance of Saudi Arabia's businessmen in Thailand around 1989-1990, consequent to which Saudi Arabian authorities suddenly imposed various kinds of restriction on Thai labour.

Relations between the two countries became strained after a Thai migrant worker in Saudi Arabia, stole a number of jewelry items worth US$20 million from the Saudi Royal Family, and sent it back to Thailand in 1989. Thai police managed to arrest the worker and retrieved the missing jewelry. But once returned to Saudi Arabia, it was later found that a portion of the jewelry was fake. Thai authorities pressed by Saudi authorities, ordered investigators to report directly to him. Among those arrested were the then police chief, his predecessor, two police generals, and several civilians. Charges ranged from negligence to possession of stolen property and to the kidnapping and murder of the family of a key witness. It was taken for granted that senior politicians and civil servants were under investigation for possession of some of the jewels[22].

Widespread rumours during the heyday of the case had it that at least some gems were recovered, but diverted to the hands of various influential figures in government and society[23]The relationship between the two countries plunged into an all-time low. Besides, in the same year and in 1990, four Saudi diplomats were gunned down in separate incidents in Bangkok, while a Saudi businessman disappeared while staying in Thailand. Saudi Arabian authorities have repeatedly accused the Thai government of trying to cover up the crimes, which have never been solved[24]. After the notorious Saudi Arabia episode, the Saudi Government stopped granting work visas to migrant workers from Thailand[25]. Saudi Arabia used to be the largest labor market for Thai workers who numbered at least 100,000, but after this fiasco and diplomatic failure,. Thai migrant workers had to turn to the job markets in Southeast Asia (Singapore, Malaysia, Brunei) and East Asia (Japan, Taiwan, South Korea, and Hong

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22 ROBERT WOODROW http://www.britannica.com/eb/article-9111832/THAILAND

23 http://archive.gulfnews.com/articles/06/03/04/10022955.html

24 Thai News Agency.

25 http://www.thailabour.org/docs/singapore.html

Kong)[26]. However, the demand for Thai labourers in Saudi Arabia is still high, but Thai workers cannot be imported unless the governments of both countries resume an agreement on labour[27].

It can be clearly explained that the volume of labour outflows registered a drop at the beginning of the 1990s, owing to the Iraq-Kuwait situation of 1990-1991 and the cessation of visa issuances by Saudi Arabia to Thai workers[28]. In 1990, Thai labour force in Saudi Arabia dramatically dropped to 9,970 from 61,442 in 1989. Moreover, the overall downturn could be directly attributed to the occurrence of Gulf War around 1990-1991 which brought down Thai labour in G.C.C. countries to 15,189 in 1990 and further decreased to 11,732 in 1991. Huge number of Thai labour force returned home from various G.C.C. countries during this particular period, mainly from Kuwait and Saudi Arabia. With the end of the war, the Thai government hoped the enormous expansion in the number of Thai working in G.C.C. countries. Over 200,000 workers had registered with the Department of Labour by the end of April 1991 to work in the region. To assure the quality control of exported workers, the Department of Overseas Labour tests those claiming technical skills, such as electricians and

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26 Junya Prompiam (Yimprasert), *Thai Labour Campaign, Thai Male Migrant Workers in Singapore*, Journal of Social Research CUSRI. 1996.

27 The Bangkok Post, 06 02 07.

28 Nations Unies Division de la population, *Level And Trends of International Migration to Selected Countries in Asia*, United Nations Publication, 2003, p 86

plumbers to determine their bona fides. In addition, the Department of Labour provided short refresher courses for the weak skills of some technician. The Department planned to supply list of registered workers to private employment brokers on the strict understanding that they charge their client no more than one month's salary for their services. The Government hoped to resolve visa issurance problems with Saudi Arabia[29]. As a result, when the normal situation was restored (end of Gulf war), number of Thai labour force started rising again which reached the peak level to 63,494 in 1992 from 11732 in 1991. However, despite liberalization and reforms in G.C.C. countries, the size of Thai labour migration to G.C.C. countries has been decreasing continuously since 1993. Because now they have many alternative destinations, Asia especially East Asia where it is more easier to get a work contract, reasonable salary and so on. And it is also within the region not very far as in the case of G.C.C. countries. During 1994- 2005 the Thai working in G.C.C. countries ranged between 5,000-9,000. However it improved significantly to 17,404 in 2006 but it is still very less as compared to the boom period. It is observed that in 2006 number of Thai labour export increased in all G.C.C. countries, except Saudi Arabia where it marginally decreased.

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[29] Marvin J. Levine, *Worker Rights and Labour Standards in Asia's Four new Tiger*, Springer, 1997, p 309

The opening of labour markets in the G.C.C. countries was seen by the labour exporting countries as a very welcome development since the export of labour appeared to be efficient means of generating foreign resources. It required no additional investment either in the form of plants and equipments or public infrastructure[30]. At present there are at least about 500,000 Thai workers working abroad, distributed in 40 countries. Apart from G.C.C. countries, they are in Libya, Somalia, Jordan, Iraq, Iran, Sudan, Algeria, Nigeria, England, Bangladesh, Indonesia, Hong Kong, Ghana, Republic of Maldive, the Philippines, Macao and so on. Among the labour force sent abroad, from the records from 1983 and 1984, it is found that they belonged to various fields, such as medical, nursing, engineering, architecture, accounting, including vocational to constructional engineer levels and unskilled labour of 30 -35% of all. However, some of these unskilled labour can perform the work of skilled labour. The main type of job performed abroad by Thai labour force is that of construction or related works. But there are also great deals of Thai worker in other fields such as services, production, and maintenance, as per details in Table: 5.3. From the available data, it can be said that those who migrated from Thailand ranged from high skilled labour force to low

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[30] Monolo I. Abella, *Emigration and Return Migration Policies: Sending Country Perspectives*, International Labour Migration, 1988,p 1-3.

Table: 5.3
Labour force classified according working field.

	1983		1984	
	TOTAL	IN PERCENTAGE	TOTAL	IN PERCENTAGE
Labour	22,765	34.13	27,736	38.25
Mason	6,881	10.27	7,381	10.18
Carpenter	6,406	9.56	6,035	8.32
Truck driver	4,805	7.17	4,532	6.25
Iron worker	3,632	5.42	3,318	4.57
Heavy duty truck driver	3,271	4.88	3,201	4.71
Plumber	2,298	3.43	1,151	1.59
Foreman	1,544	2.30	1,416	1.95
Electrician	1,982	2.96	1,776	2.45
Painter	1,380	2.06	1,466	2.02
Welder	1,115	1.66	1,476	2.04
Auto mechanic	1,104	1.65	2,132	2.94
Machinery fitter	1,086	1.62	992	1.37
Agricultural worker	1,055	1.57	254	0.35
Cook	1,002	1.50	788	1.09
Janitor	666	0.99	2,798	3.86
Machine Operator	506	0.76	341	0.47
Air Condition Mechanic	454	0.68	422	0.58
Engineer	243	0.36	212	0.29
Surveyors	207	0.31	259	0.36
Domestic/ Office Helper	192	0.29	284	0.39
Clarks	158	0.24	176	0.24
Communication Worker	156	0.23	80	0.11
Frame Fixer	144	0.22	12	0.02
Skilled Electrician	125	0.19	6	0.01
Service Boy	120	0.18	61	0.08
Office Boy	113	0.17	35	0.05
Packing and Storage	112	0.16	123	0.17
Auto Electrician	109	0.16	123	0.17
Others	2,487	3.71	3,473	4.79

Source: Thai Manpower Guide, Overseas Employment Administration Office, Department of Labour, Ministry of Labour, p 20-21 skilled labour force. Unfortunately, this information is available only during the period of 1983-1984. So, it is impossible to examine the current profile of skill or the change of profile from that particular period to present day. The 1990s have witnessed a further structural shift in the market for expatriate labour in the G.C.C. economies. There is a marked change in demand for skills away from construction towards operations and maintenance services and transport and communications. In general there was a tendency to hire more professionals and skilled manpower as opposed to the unskilled and semiskilled categories. Countries like UAE, in fact have imposed strict restrictions for the entry of unskilled workers. There is no doubt that the skill composition of the labour outflows from Thailand has changed its character. More and more people who are migrating to G.C.C. countries are those in the skilled and professional categories[31]. The Labour Ministry has a clear policy to send only skilled Thai workers to work there and would not encourage nationals to work as labourers because the kingdom still faces a shortage of unskilled workers[32].

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31 S.K. Sasikumar, *Indian Labour Oversea: Trends and prospects*, Labour and Development, vol. 9, No.2, December, 2003, p 74-75.

32 Thai News Agency. htt p://eng.mol.go.th/related_feb0407.html.

Remittances earned by Thai labour force in G.C.C. countries:

International labour migration is crucial from the perspective of both the sending country and the individual workers in the generation of income flows. From the perspective of the sending countries the export of labour like that of commodities will produce foreign exchange earnings which are a scarce and valuable resource in most developing countries in order to finance essential imports. It is difficult to measure the real volume of remittances since a significant portion of the flow generated does not pass through official channels. Nevertheless, it is clear that remittances are making significant contributions to national income in most of the labour exporting countries and changing the lives of families in the region[33].

Remittance and private financial flow have grown very fast in the 1990s. Remittances to developing countries constituted 62.1 per cent of total world remittances in 1999, compared to 57.8 per cent in 1988. Four countries (Indonesia, Columbia, Peru, and particularly Mexico) have received a very large private resource flow. The flow of remittances- one of the most important contributions of migrants to their home countries- to the developing countries has become increasingly important. The most important economic impact of migration in South Asia is in terms of remittances which exceeds US$100,000 per year, goes to developing

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33 Graeme Hugo and Anchalee Singhanetra-Renard, International Migration of Contract Labour in Asia(Major issues and Implication), Chiangmai University.p 21.

countries[34]. The flow of remittances definitely is the immediate benefit from the international labour migration which provides a lot of foreign exchange. Though figures are hard to determine, remittances from both international and internal migration are significant in the region[35]. These remittances are an important source of precious foreign exchange for the major labor-exporting countries. The overall development impact of remittances, however, has not been well established. Remittances are spent primarily on day-to day consumption expenditures, housing, land purchase, and debt repayment. Although only a small proportion of remittances are directed into productive investment, this does not warrant the conclusion that the developmental value of remittances is negligible. In fact, remittances spent on domestic goods and services in Asia provide an important stimulus to indigenous industries and to the economies of the labor supplying countries[36]. In Thailand the rise of remittances has not been as high, reflecting the fewer contract for labour migrants from Thailand compared to South Asian countries. Still, the flows have been appreciable with Central Bank figures for the amount of remittances having grown which we can observe from table 5.4.

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34 Aris Ananta, Evi Nurvidya Arifin, *International Migration in Southeast Asia*, Institute of Southeast Asian Studies, 2004, p 138

35 United Nations, *Asia pacific population journal*, December 2005 United Nations Publications, p 51

36 Charles W. Stahl, Fred Arnold, *International Migration Review*, Vol. 20 No. 4 Special Issue: *Temporary Worker Problem: Mechanisms, Conditions, Consequences. the center for Migration Studies of New York,* Inc.p 899

Table:5.4
Thailand's remittances Receipts (1981-2005)

YEARS	REMITTANCES (MILLION BAHT)
1981	9,078
1982	6,851
1983	19,315
1984	20,951
1985	23,624
1986	20,832
1987	21,596
1988	23,412
1989	24,239
1990	24,797
1991	26,018
1992	28,620
1993	n.a.
1994	32,188
1995	42,235
1996	45,777
1997	51,910
1998	58,845
1999	56,910
2000	67,936
2001	55,606
2002	59,251
2003	66,517
2004	65,124
2005	35,617

****Remark: Since the liberalisation of the exchange currency has occurred in March 1991, the actual revenue from the Thai workeres in overseas might be more than the amount of money that sent through banking system. This is due to the workers could bring their money liberally with them and must not exceed over $ 5,000. Therefore, there are less workers who transfer money through banking system.*
Source: Bank of Thailand: Office of Overseas Employment Administration, Department of Employment.

Out migrants received higher wages in recipient countries than they could expect in Thailand, but lower than the wage of nationals. According to a 1985 sample survey of Thai migrants, workers in G.C.C. countries received around 4,500 baht[37] per month for manual work and between 5,490 and 9,937 baht for semi-skilled job in iron work, assembly shops, and professional workers received higher wage of 11,000-32,000 baht a month[38]. The five year development plans of the Thai government (sixth and seventh) have laid great stress on maintaining levels of remittances from migrants. At the end of 80s, this amount of remittances however, was only 5 percent of merchandise exports and 13 percent of service exports[39].

Like other labour exporting countries, it can be described that Thailand has gained a considerable amount of foreign exchange from the export of labour. As a result of the rapid increase in the number of international migrants, the remittance flow has also risen dramatically between 1980 and 1985. Since 1985 the remittances have stabilized at around $1 billion per year, with a slight upward trend. The great bulk of the remittances was contributed by Thai workers from the G.C.C. countries. Remittances from ASEAN are rather small in relation to overall

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37 25-26 baht equals to 1 US dollar. One baht equals US $0.040-0.039.Bank of Thailand

38 Phil Williams, *Illegal Immigration and Commercial Sex: The New Slave Trade*, Routledge, 1999, p 77.

39 Charit Tingsabadh, *Maximizing development benefits from labour migration: Thailand. In to the Gulf and Back: Studies on the Economic Impact of Asian Labour Migration*, edited by Rashid Amjad, UNDP& ILO: New Delhi. 1989,P 304.

remittances. However, if the number of illegal migrants had been included, this figure could have doubled or even tripled.

As the remittances sent by the migrant workers is concerned, we do not have any precise data. Based on the Bank of Thailand, an attempt is made to estimate the remittances received in Thailand Though Bank of Thailand gives the total remittances sent by Thai workers from foreign countries, no country- wise figures are available. So in this study an assumption is made to estimate the remittance derived from G.C.C. countries. The significant volume of remittances inflow to Thailand started since 1978 and increased rapidly since then, showing the same trend in the outflow of workers from Thailand[40]. The data of remittances sent through the banking systems for the period 1981-2005 is depicted in Table 5.4. It is cautiously and conservatively assumed that the share of remittances from G.C.C. countries is at least 80 per cent (before 1990 period) in total remittances in which 80-90% of the total remittance coming from Saudi Arabia alone.

Regarding the assumption of 80% of remittances caming from G.C.C. countries, It means the remittances inflow from G.C.C. countries not only dominate over but highly indicative of Thai's total remittance inflow. Therefore, fluctuations in Thai's remittances inflow

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40 International Labour Migration and Remittances:, *Experience in Thailand , from Expert Group Meeting on Remittance from Internatioal Labour Migration,* Development Planning Division, 1985,p. 15

occured mainly because of fluctuations in the remittances from G.C.C. countries. The incidents at early 1990s between Thai and Saudi Arabia could be the clear example for this situation. However, after a short period the remittance volume of Thailand not only gained normal but has been on the rise, with a shift in destinations from the G.C.C. to East Asian and Southeast Asian countries[41]. There are also considerable levels of undocumented movement of Thai labour, both to East Asian countries and to Malaysia and Singapore[42]. Therefore, since 1990s, G.C.C. countries seemed not to play a big role as earlier but Asian countries instead. There are many important factors which influenced this trend; for example, the unsolved controversial issue between Thai and Saudi Arabia government. Unless the problem was solved, the share of G.C.C. countries in remittances will never be so high as earlier because Thai dependence on Saudi Arabia for employment of its migrant workers and as a source of remittances is very crucial. Much of Thailand's prospects for labour migration and remittances depend on developments in that country[43]. Nevertheless, since 1990s the foreign exchange earned though remittances kept gradually increasing year by year which reached the peak in 2000 which could be obviously claimed to the increase of Thai labour migrants

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41 Vasuprasat Pracha, *Turning points in international labour migration: A case study of Thailand, Asian and Pacific Migration Journal*, vol 3, No. 1. 1994, P 175.

42 Guest Philip, Mahidol University, Institution for Population and Social Research, Seminar on the research on *Transitional population of Thailand*, Policy, Pattern, and Impact , Royal City Hotel. 1985,P 3.

43 Opcit. 40p. 15

to neighboring Asian countries and registered a drop in 2005 due to the expiry of contract for many migrant workers in some neighboring Asian countries.

As for the impact of the remittances, they obviously contribute to improving the current account and the balance of payments. Prior to the boom in export in the second part of the 1980s, remittances from overseas workers ranked among the top foreign exchange earners. The remittance is still significant when compared to the size of Thailand's current account deficit; for example, Thailand remittances covered a deficit proportion of about 12% in 1978 to 19.7% in 1980[44], and in 1992 Thailand' s account deficit was 161,278 million baht, so that remittances amounted to about 17.7% of the account deficit. In 1995 the remittances constituted around 12% of the account deficit and climbed up to about 17% and 32% in 2000 and 2005, respectively.

The inflow of remittances obviously benefited the poorer groups in the population, although middle men also certainly benefited. Results from a survey of Northeastern villages give a micro-level view of the use of remittances. Since most of the migrants had to borrow money to finance their overseas employment and some migrants were victims of fraud, the survey indicated that 45.2 percent of total remittances were spent on the repayment of loans (principal plus interest) and payment of loss of

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44 Afzal Sharieff, *Indian Muslim Labour*, Anmol Publications pvt ,LtD. 1998, p 42.

the commission fees. Consumption and investments constituted only 17.9 percent and 12.6 percent of total remittance income respectively, while saving account for 14.6 percent. A considerable proportion of remittance-induced expenditures are on goods such as land, housing, and education. In addition of these major items, most of the migrants also brought home some luxury durable goods such as television, radios, and electrical appliances[45].

The surge in demand for home construction was an important stimulus for the Thai economy, accounting for 20 percent of all housing expenditures during 1990s. Overtime, the role of remittances in Thai farm investment appears to have grown, and several studies report international migration to be an important component of skill formation in Thailand. Labour export, although certainly giving rise to some social and economic cost, undoubtedly yields a net material benefit. Contract labour migration has probably promoted the growth of employment and at least for Thailand has promoted skill formation[46].

Thailand's Government Policy of Labour Export.

The general direction of the Thai government's policy has been to encourage Thai workers to take up temporary employment abroad

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45 Opcit. 11, p 30.

46 Douglas S. Massey, *World in Motion, Understanding International Migration at the end of the Millennium*, Oxford University press, 1998,p 245.

as a means of earning foreign exchange and relieving unemployment pressure at home. The potential of contract migration has been recognized by the Government. The policy on the promotion of contract migration had been incorporated in the Fifth National Economic and Social Development Plan (1982-1986). The plan set direction of policy, and provided guidelines for the Government and the Department of Labour to implement the policy. Some salient features of the policy was as follows.

The general policy objectives are to encourage Thai workers, whose supply is in excess of local requirements, to seek employment abroad especially in the G.C.C. countries and to find measures to prevent the shortage of skilled manpower in the countries; promote and assist legitimate private employment agents to improve efficiency in their operation for the benefit of all parties concerned; promote and assist Thai construction contractor companies to seek contract or subcontract work abroad especially in the G.C.C; conduct surveillance and provide services to Thai workers who may have grievances both before and after migration and to ensure that they receive the most remunerative and fair wages; to encourage and assist Thai workers abroad to send to Thailand as much of their earnings as possible.

To achieve the above policy objectives the National Development Plan laid down the following guidelines:

1. The Government is to expedite the passage of a new Employment and Workers Protection Act to provide for an orderly and efficient labour migration process in view of the existing Act falling somewhat out of line with new developments in recent years.
2. The Department of Labour is to seek co-operation with other governmental agencies to provide information to the public in relation to jobs, wages, working condition, local customs, religious practices and the law of the countries in which most of the Thai workers prefer to seek employment.
3. Governmental agencies concerned, such as the Ministry of Foreign Affairs and the Police Department, are to co-ordinate efforts to prevent sending of Thai workers abroad without proper processing through the Department of Labour.
4. The Department of Labour has to improve its efficiency in sending Thai workers abroad by providing services to private employment agents and individual workers, and take punitive action against those who practice unprofessional conducts. The Department was also to set up Overseas Labour Offices in countries where large number of Thai workers were residing with adequate staff and operational budgets and a Workers Assistance Fund to be financed by contributions from workers

and private employment agents to provide finance by contributions from workers and private employment agents to provide financial assistance to Thai workers who were in need.

5. The Department of Labour and the Department of Vocational Training were to expand training programmes for vocational skills that were in demand abroad and in the domestic economy, and to issue certificates, conduct skill tests, etc., to facilitate job placement abroad.
6. The Bank of Thailand is to provide facilities for the transfer of remittances from abroad, by granting approvals to commercial banks to open new branches abroad and disseminating information to workers on procedures for transfer of remittances through banking institutions.
7. The Ministry of Commerce was to set up a committee to promote construction contracts abroad.
8. The NESDP and the educational institutions were to conduct studies and assess long-term demand for Thai workers in the G.C.C. countries in the light of skills availabilities in the domestic economy[47].

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47 Opcit. 40p 33

Problems of Thai Migrant Workers in G.C.C. Countries.

Contract migration is a relatively new economic phenomenon for Thailand. There have been problems arising out of unprofessional practices by private employment agents and of illegally sending Thai workers abroad by unregistered private employment agents. Difficulties have been encountered by Thai workers abroad in sending home their earnings and in coping with the legal and social environments in the country of employment. Government policies have sought both short-term and long-term solutions to these problems[48].

There are three government agencies connected with the export of Thai labour. The Department of Labour assumes the key role in the process and is in charge of inspecting contracts for their terms and condition of work, granting permission for the export of labour, skill testing, worker training and orientation, and protection of workers. The second agency, the Ministry of Foreign Affairs, takes responsibility for issuing passports to workers and protecting them while abroad. The third agency, the Police Department, handles the screening process for applicants for the Police Clearance Certificate (PCC) and issues a clearance certificate to those workers having a clean police record[49].

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48 Ibid. p 31

49 Godfrey Gunatilleke, *Migration of Asian Workers to the Arab World*, The United Nations University, Japan, 1986, p 322.

Also as an exporter of labour, Thailand's main concerns are protecting Thai workers from harsh conditions overseas, breach of contract between employer and employee, as well as fraud from labour-recruiting agencies. The Thai Labour Law clearly encourages private sector participation in the form of employment placement agencies. Motivated by self-interest and profit, private agencies played a significant role in matching the supply of labour and the demand for labour from abroad. High profits from overseas placement service attracted many new agencies into the market. However, the Department of Labour had strict controls on the number of local job agencies. The reason behind this is quite simple. The number of employment agencies needed to be scaled down to a manageable level. Nonetheless, a large number of illegal agencies, as well as an increasing number of unscrupulous recruitment agencies emerged. There were several problems of abuse in recruiting, with many horror stories of exploitation of workers, mainly poorly-educated with no experience in overseas travel. As a result, an Employment Placement Act was legislated and passed in the late 1990s. This legislation recognized the role of the private recruitment agencies, but attempted to ensure that workers were neither exploited nor abused. Accordingly, one of conditions of this Act made whereby the agencies responsible for all the expenses incurred by a worker, and refund of the commission fee to the worker, if the job in the agreed contract was not found.

With this law, the number of agencies increased from 134 firms in 1982 to 324 firms in 1989, and the number of workers filing complaints against overseas placement agencies declined. The figures show that there were 3,629 cases in 1988, compared with 4,235 and 8,904 complaints in 1987 and 1986 respectively. Job agencies had to pay 18.7 million baht as compensation to 3,111 of the 3,629 workers who filed complaints in 1988, a sharp drop from the 26.4 million baht in 1987 and 34.5 million baht in 1986.

As far as an overall policy toward international labour migration is concerned, it was not until the Fifth 5-Year National Economic and Social Development Plan of 1982-1986 that specific policies on labour migration were established. Government policy with respect to Thai overseas employment is positively stated as follows:

a) To promote the export of excess Thai labour to work in foreign countries. However, care will concurrently be taken to prevent possible domestic shortages of skilled workers, particularly when they appear to affect the country's economic development.
b) To promote private, licensed recruitment agencies to carry out the business of exporting labour more effectively.
c) To assure a fairer distribution of the benefits from labour export among all parties concerned.

d) To provide more and better services to assure that the labourers are not cheated by unscrupulous recruitment agencies or employers while seeking work and while working abroad.

e) To promote and facilitate remittances via the banking system[50].

Anyway, there are many studies on the expatriate labour force in Thailand, such as the systematic studies by Witayakorn[51] in 1986 and Peeratep[52] in 1982. They put an attempt to analyze what were the reasons behind the emigration of workers. Besides, cost and benefit analysis have been used to trace its direct and indirect impact on Thai's micro and macro economy. As far as these two studies are concerned, it is found that the migration of Thai workers, going to the oil rich G.C.C. countries, has relatively yielded positive effects rather than negative effect on Thai's economy, especially on the rural economy. The clear evidence of positive effect can be described as follows:

a) Not only the expatriate workers reduced unemployment in the rural, but yielded positive impacts on improving the skills of Thai workers also.

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50 Opcit. 11,P 27-28..

51 Witayakorn Chiengkul, *Migration of Asian Workers to the Arab World*, The United Nations University, Japan, 1986.

52 Peeratep Runngchwan,, *Thai Migration Workers*, New International Economic ORDER (NIEO) , Thammasat University Bangkok, 1982 (in Thai)

b) The current account balance could be certainly improved by the total foreign exchange earned through the remittances. Obviously, it had an enormous impact on the development of communities and upgradation of living conditions of the emigrant household as well.

It can be more appropriately described that although there are very little evidence to claim on the negative effects; nevertheless, the migration perhaps result in many serious concerns like the disruption of family that it can create social problem later on, the scarcity of skilled labour, the demonstration effect in the consumption of luxury goods, the damage of national prestige in case of bad behaviour by migrant workers and so on.

Given the mutual benefits to the participating countries, policy coordination is urgently needed to reduce the incidence of cheating in placement service activity. As for Thailand, efforts have to be made to punish job agents who abuse their privileges, and to educate the Thai workers about the proper procedures for seeking employment overseas. The local Labour Offices outside Bangkok should disseminate information concerning dishonest job-placement representatives and employment agencies. Recruiting agencies will have to be made responsible for the damage that is created by themselves or their representatives. Prompt and well-prepared assistance to workers when facing penalties and allegations of criminal conduct has to be provided. A more simplified procedure should also be devised when appealing for justice. As for the host countries, the conditions for legal entry need to be re-examined to determine whether they impose excessive costs on prospective employers, so that they have to resort to illegal means of recruiting. To act as effective deterrents, legal penalties should be structured so as to offset the potential gains from illegal recruitment.

Apart from the illegal migrant aspects, the problem pertaining to the living conditions of Thai workers overseas needs to be looked into also. The social problems that the migrants cause should be recognized as partly a consequence of the bad conditions under which the workers are forced to live. Although the welfare services provided by the foreign employers are generally satisfactory, there are nevertheless some problems related to daily living conditions, especially for female workers. As for the job-seekers, the scope of public information should be expanded to provide more extensive information in the areas of laws and regulations of host countries, their religion, culture, tradition and ritual practices. Public information programs should be designed to foster a more open and receptive attitude toward foreign workers in the local communities[53].

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53 Opcit. 11 P. 32

The advantages of Thai labour.

The advantages of Thai labour preferred by foreign employers are.

1. Skill

Thai labour are especially skilled in construction and related work. Foreign employers who have hired the Thai labourers are satisfied with their skills. Then most of these employers move to other countries to undertake other contracts, many take the Thai workers along with them to be re-employed in the new work.

2. Wages

Thai labourers are willing to receive reasonable wages, when comparing the wages of skilled labour with other countries, the wages of Thai labour is at a level foreign employers are agreeable with. The Thai Government has been following the situation in the foreign labour market and has tried to adjust the wage rates and welfare benefits of the Thai employees to suit foreign labour market conditions. The Government also tries to promote export of labour; that is to say, even if the wages are below the minimum wages specified, the Department of Labour is flexible enough to consider permission if the employer shall grant other welfare benefits to the employees.

3. Patience and attentiveness to duty.

One reason for the success of Thai workforce abroad is due to their patience and attentiveness to duty. In working with the Thai labourer, the employer faces very little problem. This is because most Thai's view working abroad as temporary so they try to work their best in order to obtain maximum pay and will not try to make any demands over those agreed upon.

4. Recruiting service

Due to the fact that Thailand has an efficient and reliable recruiting service, most employment agencies are able to recruit workers as required by foreign employers. Also the Government has reduced the steps necessary in permitting Thai workers to go abroad. So that employers obtain workers in time.

5. A political & Non interfering

So far, Thai labour has concentrated only on work and tried to earn money as much as possible, they never intended to stay in the host country permanently. Therefore, there were no incentives for them to take part in any kind of political activity. Thai workers have always been docile, concerned only with their duties, not involved in any kind of other activities which gives them additional advantage in G.C.C. market.

The Department of Labour estimates that Thailand can still send not less than 500,000 workers. Due to the Thai Government's policy to promote labour exports and the Thai worker's willingness to work abroad, at present numerous people are seeking employments abroad through private recruitment agencies. Therefore, for positions needing no specialised expertise, foreign employers may readily find Thai workers within a short span of time and up to the required numbers[54]

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54 Thai Manpower Guide, Overseas Employment Administration Office ,Department of Labour, Ministry of Labour, p 22-23.

CHAPTER 6

Chapter 6

Summary and Conclusion

As the world started to enter the globalization process, economic reform and liberalization have clearly been seen as an important stuff to trigger a large expansion of economic activities all around the globe especially developing countries like Thailand. The 1990s have seen an expansion of economic activity among the developing countries through a series of economic reforms in their economies that have been introduced since 1990s. A predominant atmosphere of rapidly increasing economic cooperation and unavoidable expanding economic interdependence has presented a new era of world economy. Immigration, technology transfer, easily accessible information, inflow of capital among borders, growing cross-border movement of goods and services and so on all are the clear evidences for increasing economic integration.

Economic relations, since globalization came to be introduced, rapidly occupied the realm of international relations and play an obviously constructive role to herald an improvement of international relation as well. The breakthrough of globalization and liberalization trends, the increasing imperatives of economic integration and free trade negotiation all are considered as an important factor to trigger the expansion and increasing importance of economic diplomacy. Thailand is not able to effectively deploy its potentials unless it emerges as a larger trading nation, improve export performance and adjust its imperative economic policy without side effect for its own economy. It means Thailand must pursue and sustain its economic growth with a sustainable condition to establish its financial and economic stability. Thailand and policy makers should realize their roles in conducting an aggressive economic diplomacy in order to create gateway for expanding its trade with another part of the world. At this point, the share of Thailand in world trade and investment flows must increase. Its trade and investment regime and associated business laws and regulations all are needed to motivate freer flow of goods, services and capital, and eventually take an advantage by opening more to G.C.C., as well as other neighbouring countries.

The economic integration is fundamentally driven by the attractiveness of maximum benefit. Simultaneously, one is needed to accept the growing tough competition in the market imposed by other countries. In fact, integration with the world economy through globalization and liberalization is to be at a high profit to those countries which have established the mechanism for effective industrialisation and development. This has in fact encouraged in improving productivity of the associated economy. This has also contributed the creation of related institution that would facilitate the functioning of the market in the positive way of the countries. Of course, integration with the world economy is the way to improve technological and managerial capability which enables Thailand to be more competitive and eventually create an environment of economic stability.

Thailand basically needs to develop its bargaining skills in global arena and provide an effective approach to improve contemporary economic diplomacy both in its cooperation with the developed industrial economies as well as in her relations with the primitive developing countries. The essence of policy implementation as well as public debate in the area of foreign policy has for long trapped in internal economic and political issues too much which resulted in ineffective economic diplomacy. Therefore, after sustaining its economic growth, Thai strategies must take more account on effectively improving Thailand's economic diplomacy.

So far, the policy formulation on Thailand's relation with foreign countries has not fully taken economic diplomacy into account at the level it should be. The clear example can be stated by Thailand's failure or slow progress in restoring relationship with Saudi Arabia. This could be identified as an important impediment for economic diplomacy's development between the two sides. Besides, a little progress had been made in the negotiation of Thailand's FTA with Bahrain, without any signal of any breakthrough. All of the shabby responses perhaps are attributed to the oncoming political uncertainty which being a serious concern for Thailand. Unless one can deal with this serious problem and restore its policy, economic growth which is key stuff to improve the profile of Thailand's economic diplomacy would be difficult to take place. In this tough competitive world, not only effective economic diplomacy be conducted but also its implications to trigger an effective economic diplomatic performance in this rapidly growing world of economic cooperation be examined.

The maximum benefit from the potential of economic cooperation between Thailand and oil rich G.C.C. countries has heralded an enormous improvement of trade that observed to be continuously increasing year by year with the balance sheet of overall trade favourable to G.C.C. sides due to Thailand's much dependence of oil from G.C.C. countries. Due to its massive industrial and agricultural bases, Thailand is in the position to consistently supply more goods and services to G.C.C. requirement. Nevertheless, as compared to US or Chinese market, the overall share of Thailand's export to G.C.C. market has still been negligible and marginal. Besides, investment from G.C.C. countries in Thailand has been small. From the statistical data on changing export commodity composition, it is observed that the major items which sustained its potential growth in this market are vehicle, electronic devices and so on. These products are still required by G.C.C. countries. If

Thailand wants to maintain its growth at this level or higher, one has to be vigilant for massive supplier like, China and India which always pose a major threat to Thailand export performance in this market. Therefore, it is a strong commitment for Thailand's Department of Export Promotion to adapt the changing circumstances and increasingly challenging environment by conducting huge and constructive campaign with given wide coverage to keep Thai's products even more competitive in price and capabilities. Besides, strict quality control policy should be implemented to excel the export performance; otherwise, it will create negative impacts for the future. Recently, with a rapid appreciation of the value of Thai baht due to the so-called hot money influx to Thailand with deliberate speculations, it is Thai's government obligation to appropriately intervene in the value of Thai baht in order to maintain and maximize level of export; otherwise, Thailand possibly will lose its current value of exports, especially to G.C.C. countries, sooner or later. Because, a lot of suppliers whether developed and developing countries look forward to exploit in this market.

The US is Thailand's largest export market and second-largest supplier after Japan. While Thailand's traditional markets have been North America, Japan and Europe. Economic recovery among Thailand's regional trading partners has enhanced Thai export growth. Increasing exports of Thailand to the rest of Asia and the US is a major stuff to gradually recover from 1997 financial crisis. This current global financial crisis is mainly represented the linkage of economy with US economy. In fact, Thailand is export-based economy whose largest export destination has always been US market. US has been blamed for this current global crisis mainly because of the absence of proper laws and financial regulations. The US import demand has slowed down which had impact on Thai export performance which heavily focuses on US market. However, Thailand recovery is not dependent upon only US alone but the neighbouring Asian countries, particularly Japan, China and other. The recovery of neighbouring Asian countries no doubt represent a positive sign for Thai economy. It can be described that Thailand authorities required immediately stabilizing and increasing domestic activity and reducing Thailand's reliance on foreign trade and also improving small business enterprise as well to cover up this losses. Besides, Thai authority must embrace a "dual track" economic policy that combines increased domestic activity with Thailand's traditional promotion of open markets and foreign investment. Moreover, due to the political uncertainty and the seizer of Thailand international airport by People Alliance for Democracy(PAD) triggered an undesired environment for investment and tourism spheres. Therefore, it is a serious commitment for Thai government to restore the situation and try to regain foreign investor confidence as soon as possible.

Incidentally, Thailand and G.C.C. trade represent remarkable improvement, despite tough competition imposed by neighbouring South East Asian countries, Japan, US and European countries. These countries have been struggling to secure and increase their export market in these wide-opening massive markets. Thailand supplies in this huge market with small value as compared to large volume of imported products from G.C.C. countries, especially oil which registered a continuous increasing trend. The largest export items of Thailand to the world are clearly agricultural product, especially rice; however, the largest export items of Thailand to G.C.C. are industrial and electronic products like vehicle, electronic devices. This is directly attributed to the increasingly tough competition on rice export of Thailand which was imposed by Vietnam and of course Basmati rice of India which registered the largest share in this massive consumer market. Recently, Thai launched a massive campaign on high quality of Thai rice named Jusmin rice. Jusmin rice is slowly becoming known in G.C.C. countries. Therefore, Thailand's obligation is to try to productively revise its strategy to get more shares in this rich and huge market. Incidentally, the private sector role is compulsory to explore and facilitate the existing opportunity in expanding trade, commercial and investment sectors. The Thai-G.C.C. trade volume of $24 billion in 2007 only identifies as an initial stage for the private sector players and there are obligations for the private sectors to work potentially to take more advantage and benefit in the existing opportunities between Thailand and the G.C.C.. High level private sector interaction would further herald the existing circumstance and would provide a mutual support to the commitment of Thai- G.C.C. to grow commercial and investment cooperation. In order to improve the country's trade diplomacy, Thai-G.C.C. business conference which is organized jointly by Thai business promotion union and the Bahrain Chamber of Commerce and Industry (BCCI) came to take place to embark on a comprehensive and visionary programme of initiatives paving the way for enhancing the bilateral business relation between Thailand and Bahrain and major gateway to other G.C.C. members as well. Moreover, Thai Business Centre (BTC), a permanent export centre in Bahrain was set up by the private sectors of both countries to conduct a massive campaign for Thai products and services should be revitalized for all the G.C.C. market.

Thailand has seen Bahrain as gateway to G.C.C. region. Thailand is currently focusing on free trade agreement (FTA) with G.C.C. countries. Both sides were close to sign the FTA when the G.C.C. side had come up with a proposal to extend this agreement to Thai-G.C.C. trade treaty. The new approach is identified as an important forward step to enhance the existing base of trade. Undeniably, investment and commercial activities among the parties concerned is expected to trigger a massive impetus on economic development of the two sides. The top priority of Thai government is to narrow down trade deficit by improving export performance to this region. Simultaneously, Thailand must use more efficiently the imported energy, especially oil which plays a crucial part for balance sheet favour to G.C.C. side. On the other side, this high trade deficit has long been compensated by Thailand's labour working in G.C.C. countries. Due to the sky-rocketing increase in oil prices, massive and surplus capital flowed into G.C.C. countries. Then, they realized that it will be highly risky to rely on only depleting natural resource, oil. Consequently, massive ambitious infrastructural progaramme had been initiated to allow diversification to take place. Less indigenous labour forces existing in G.C.C. inevitably brought the requirement on expatiate labour force to carry on the ambitious and massive development programmes. This was a huge opportunity for relatively massive amount of labour force like Thailand to start exporting labour to this region on full scale. More than 70 percent of overall Thai's expatriate labour has been working in G.C.C. countries since oil boom in the mid 70s. The number registered highest level in 1982 with 95 percent of Thai's labour forces working in Saudi Arabia which generated relatively large amount of remittances. We have observed that after mid 1980s when oil prices in the global market declined, Thai's labour export to G.C.C. also fell. However, the completion of various projects which started in the beginning of oil boom and visa expiry could also be attributed to this falling trend. After oil price showed a sign of recovery, the overall volume of Thai's labour force migration kept growing again. However, massive decline of Thai's labour force working in G.C.C. was registered during the Gulf war period. Apart from Gulf war, other unfortunate incidents took place, namely gem scandal between Thai and Saudi Arabia, Saudi Arabia's officers killed in Thailand and Saudi Arabia's businessmen disappearance in Thailand. These unfortunate incidents resulted in negative impact on overall relations between the two sides which were still unresolved. Massive decline of Thai's labour in Saudi Arabia immediately came after the above incidents. The relationship of the two sides became strained and frozen. Nevertheless, bilateral trade between the two seemed to be slightly affected. After this period, the volume of Thai's labour in other G.C.C. member countries were also declining. Meanwhile, annual labour outflows from Thailand had been fluctuating massively. Ironically, most of Thai's labour shifted their destination to East and neighbouring Asian countries not far from home and easier to get working visa. Recently, G.C.C. hosts only 10 percent of Thai's expatriate labour force. The Thailand's labour minister, was quoted that G.C.C. still needed Thai's labour, especially skilled labour. If Thai's government revised its strategies and made positive campaign, momentum can possibly be regained.

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APPENDIX 1

Exchanged visit between Thailand and Bahrain.

On 13-15 March 1989, His Royal Highness Crown Prince Maha Vajiralongkorn paid an official visit to Bahrain at the invitation of Bahrain's Crown Prince.

Visit of the Thai Government to Bahrain.

In 1984, Deputy Minister of Foreign Affairs, Second lieutenant Praphat Limpraphan, visited Bahrain with an aim to strengthen bilateral relation and expand the volume of bilateral trade of the two countries.

On 6 July 1987, Deputy Minister of Interior Mr. Chaleaw Washarapook, visited Bahrain to enhance strong relationship between the two countries and visited and exchange views with Thai labour there.

On 24-25 November 1998, Minister of Foreign Affairs Dr. Surin Pitsuwan made an official visit to Bahrain.

On 29 March-1 April 2002, Minister of Foreign Affairs, Dr. Surakiart Sathirathai paid an official visit to Bahrain.

On 29 April-2 May 2002, Minister of Education, Mr. Adisai Potharamic made an official visit to Bahrain.

On 8-10 April 2002, Deputy Prime Minister and Minister of Finance, Dr. Somkit Chatusripitak attended Gulf Investment Forum meeting at Bahrain.

On 10-11 June 2002, Prime Minister, Dr. Thaksin Shinawatra accompanied by Deputy Prime Minister and Minister of Finance, Minister of Foreign Affairs and Minister of Commerce paid an official visit to Bahrain.

On 13-15 February 2004, Minister of Foreign Affairs, Dr. Surakiart Sathirathai attended high level meeting with Bahraini officials and presided over the inauguration of Thai Royal Embassy at Manama city (Bahrain).

On 7-8 April 2004, Minister of Labor, Ms. Uraiwan Tiantong paid an official visit to Bahrain.

On 28-29 April 2004, Deputy Prime Minister, Mr. Wanmuhamadnoor Matha accompanied by Halal food delegation promotion visit Bahrain with an aim to promote Thai Halal Food there.

On 1-2 July 2005 and 21-23 May 2006, Minister of Foreign Affairs, Dr. Kantathi Suphamongkhon paid an official visit to Bahrain.

On 20-25 November 2005, Deputy Prime Minister, Dr. Surakiart Sathirathai visited Bahrain and other G.C.C. countries with an invitation letter to Amir for celebrating the 60th anniversary of His Majesty King Bhumibol Adulyadej's accession to the throne.

On 24-27 April 2006, Deputy Prime Minister, Dr. Surakiart Sathirathai paid an official visit to Bahrain to inaugurate Thai Business Center at Manama city (Bahrain).

On 27-29 November 2006, Deputy Minister of Foreign Affairs, Mr. Sawanit Kongsiri paid an official visit to Bahrain.

On 20-22 April 2007, Minister of Foreign Affairs, Mr. Nit Pibulsongkram paid an official visit to Bahrian.

Visit From Bahrain.

On 22-27 October 1999, Bahrain's Prime Minister H.H. Shaikh Khalifa Bin Salman Al-Khalifa, made a personal visit to Thailand (Phuket).

On 31 January-1 February 2001, Bahrain's Prime Minister H.H. Shaikh Khalifa Bin Salman Al-Khalifa paid an official visit and met His Majesty King Bhumibol Adulyadej.

On 1-3 November 2001 and 20-22 November 2002, Bahrain's Prime Minister H.H. Shaikh Khalifa Bin Salman Al-Khalifa made working visit.

On 11-29 June 2006, Bahrain's Prime Minister H.H. Shaikh Khalifa Bin Salman Al-Khalifa attended celebration the 60th anniversary of His Majesty King Bhumibol Adulyadej's accession to the throne.

On 10-12 January 2007, Bahrain's Prime Minister H.H. Shaikh Khalifa Bin Salman Al-Khalifa paid an official visit and met His Majesty King Bhumibol Adulyadej.

H.H. Sheikh Salman bin Khalifa Al-Khalifa(Bahraini Prime Minister's son) as the leader of Bahraini representatives in UNCTAD 10th meeting visited Thailand for meeting and discussed about bilateral relation of the two countries with Thai Minister of Foreign Affairs Dr. Surin Pitsuwan and Thai Prime Minister Chuan Leekpai.

On 18-19 June 2002, Deputy Prime Minister and Minister of Foreign Affairs, H.E. Shaikh Mohammed Bin Mubarak Al Khalifa attended Asia Cooperation Dialogue meeting at Prajaobkirikan.

On 21-22 June 2003, Minister of Commerce, H.E. Mr. Ali Saleh Al Saleh attended Asia Cooperation Dialogue at Chaingmai.

On 15-19 September 2004, Minister of Labor , H.E. Dr. Majeed bin Muhsen Al Alawi paid an official visit.

On 27-30 December 2004, Minister of Public Works and Housing, H.E. Mr. Fahmi bin Ali Al Jowdar visited to Thailand.

Exchanged visit between Thailand and Kuwait.

On 12-14 August 1983 and 16-17 January 1984 Thai Deputy Minister of Foreign Affairs, Second lieutenant Praphat Limpraphan, visited Kuwait with an attempt to improve bilateral and cordial relation and increased the volume of bilateral trade of the two countries.

On 1-4 February 1985, Thai External Affairs Minister paid an official visit to Kuwait at the invitation of Kuwait's Prime Minister and Foreign Affairs Minister.

On 1 July 1987, Thai Deputy Minister of Interior Mr. Chaleaw Washarapook, visited Kuwait.

On 21-23 March 1989, Thai Ministers to the Prime Minister's Office Korn Thapparansi made a visit to Kuwait at an invitation of Kuwait Petroleum Minister Sheikh Ali Khalifa Al – Sabah.

On 29 December 1990- 2 January 1991, Thailand's Minister of Foreign Affairs Dr. Artit Urairat visited Amir of Kuwait as self-exiled at Taif (Saudi Arabia) with strong support for Iraqi withdrawal from Kuwait.

On 6-7 May 1991, Thai Ministers to the Prime Minister's Office M.R. Kasemsamosorn Kasemsri visited Crowd Prince of Kuwait and Kuwait's Prime Minister Sheikh Saad Al- Sabah.

On April 1993, Thai Deputy President of Parliament Wan Mohammad Nor Matha visited Kuwait.

On 22-23 September 1997, Thailand's Olympic committee General Chetha Thanajaro visited Kuwait.

On 10-11 June 1998, Thai's Minister of Foreign Affairs and envoys visited Kuwait.

On 17-21 May 2003, Asst Minister of Labor Praphat Limpraphan and envoys visited Middle East, including Kuwait to expand labour market in the region.

On 23-30 April 2004, Wan Mohammad Nor Matha and envoys visited Middle East, including Kuwait.

On 15-20 November 2005, Deputy Prime Minister, Dr. Surakiart Sathirathai visited Kuwait and other G.C.C. countries.

Visits from Kuwait.

On 23-25 September 1987, Kuwait's Minister of Petroleum Sheikh Ali Khalifa Al – Sabah visited Thailand.

On 27-31 February 1990, Kuwait's Minister of Petroleum Sheikh Ali Khalifa Al – Sabah visited Thailand.

On 31 August-4 September 1990 Kuwait's Minister of Petroleum Dr. Rasheed Al-Ameeri visited Thailand as special envoy of Amir of Kuwait, with an aim to ask recognition for Kuwaiti Government and make sure to continue investment in Thailand.

On 28-30 November 1990, Kuwait's Minister of Public Works and State Minister of Municipal Affairs Yahya Fahad Al- Sumaid visited Thailand as special envoy of Amir of Kuwait.

On March 1993, Minister of Education of Kuwait made an official visit to Thailand as special envoy of Amir of Kuwait.

On 5-8 May 1993, Kuwait's Minister of oil Dr. Ali Ahmad Al-Gaghli visited Thailand as special guest of Thai's Minister of Industry.

On 22-25 August 1993, Kuwait's ambassador of China Ghazi Al-Rayes visited Thailand as special envoy of Kuwait's Deputy Prime Minister and Minister of Foreign Affairs.

On 10-12 April 1995, Crown Prince and Prime Minister of Kuwait Sheikh Saad Al-Abdullah Al-Salem Al-Sabah made the highest level visit to Thailand since diplomatic establishment between the two countries.

On 9-11 December 1997, Kuwait's Minister of Social Affairs and Labor Ahmad Khaled Al-Kulaib attended 12th Asia-Pacific meeting at Bangkok.

Minister of Commerce and Industry of Kuwait Mr. Abdul Wahab Mohammed Al-Wazzan as envoy's leader attended UNCTAD X at Bangkok (Thailand).

On 29-30 August 2001, Kuwait's Minister of Social Affairs and Labor and Minister of Electricity and Water Mr. Talal Al Ayyar attended ILO Asia-Pacific Ministerial Meeting and visited Thai Deputy Prime Minister Pongpol Adireksarn and Thai Deputy Minister and Minister of Labor and Social welfares Dej Bunlong to seek the way to enhance strong relation and boost bilateral trade of the two countries.

On 26-28 February 2003, H.H. Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, Deputy Prime Minister and Minister of Foreign Affaris, made personal visit to Phuket (South of Thailand).

On 11 November 2005, Sheikh Ahmad Al-Fahad Al-Sabah, Minister of Oil and President of Organization of the Petroleum Exporting Countries (OPEC) to receive Ph.D certificate in the field of human resource development from Ramkhamhaeng University,BKK Thailand.

On 11-14 June 2006, Amir of Kuwait, H.H. Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah attended celebration the 60th anniversary of His Majesty King Bhumibol Adulyadej's accession to the throne.

On 31 July 2006, Sheikh Mohammed Al-Khaled Al-Sabah, Consultant of Kuwait's Amir as special envoy of Amir visited Thailand, asked support from Thailand for Dr. Kazem Bahbahani's candidacy for World Health Organization's Director.

Exchanged visit between Thailand and Oman.

Visits of Thai Royal Family to Oman.

On 8-10 March 1989, His Royal Highness Crown Prince Maha Vajiralongkorn paid an official visit to Oman as the invitation of Oman's government.

On 15-18 March 1998, Princess Galyani Vadhana paid a personal visit to Oman.

Visits of Thai Government to Oman.

On 4-7 February 1985, Minister of Foreign Affairs Air Chief Marshal Siddhi Savetsila visited Oman.

On 18-19 November 1985,Minister to the Prime Minister's Office Sulee Mahasanthana as Thai's government envoy to attend Oman's 15th anniversaries of national day.

On 4-8 May 1986, President and Delegation of Petroleum Authority of Thailand(PTT) visited Oman and made an agreement on oil import from Oman.

On 24-26 January 1995, Thai president of parliament Marut Bunnag and envoys visited Oman.

On 7-9 June 1998, Thai's minister of foreign affairs Dr. Surin Pitsuwan and envoys made an official visit to Oman.

On 3-8 April 2001, Deputy Prime Minister, Mr. Pongpol Adireksarn attended Indian Ocean Rim Association for Regional Cooperation Ministerial Meeting.

On 17-21 May 2003, Thai's Asst. minister of labor Second lieutenant Praphat Limpraphan and envoys visited Middle East, including Oman.

On 19-21 December 2003, Thai's minister of energy Mr. Promin Lertsuridej and envoys paid an official visit to Oman.

On 19-22 June 2004, Thai's Minister of Interior Mr.Bhokin Palakula and envoys with Deputy Minister of Education visited Oman.

On 30 September-4 October 2004, the regional Islamic Central Committee(ICC) Mr. Den Tohmina as the leader of envoys in private and public officials visited Oman to seek the way to expand Halal market in the region.

On 10-11 Octorber 2004, Asst. Minister of Energy, Mr. Wiset Jupibal paid an official visit to Oman.

On 12-14 Octorber 2004, Consultant for Minister of Foreign Affairs, Mr. Nissai Vejjajiva visit Oman.

On 26-27 April 2005, Prime Minister, Dr. Thaksin Shinawatra paid an official visit to Oman.

Visits from Oman.

On January 1988, Oman's Minister of Foreign Affairs paid a personal visit to Thailand.

On September 1994, Oman's Permanent Secretary of Foreign Affairs, Haitham bin Tariq Al-Asid visited Thailand.

On 19-20 June 2000, President of Bahwan Group of Oman Sheikh Suhail Bhawan visited Thailand.

On 12-16 July 2000, Oman's minister of foreign affairs H.E. Mr. Yusuf bin Alawi bin Abdullah visited Thailand as a special guest of Thai's foreign affairs ministry.

On 26-29 April 2001, Oman's minister of oil and gas H.E. Dr. Mohamed bin Hamad Al Rumhy visited Thailand.

On 25-31 January 2002, Oman's minister of national economy H.E. Mr. Ahmed bin Abdul Nabi Macki visited Thailand.

On April 2002, Oman's minister of foreign affairs H.E. Mr. Yusuf bin Alawi bin Abdullah made a personal visit to Thailand.

On 11-14 October 2003, Oman's minister of national economy H.E. Mr. Ahmed bin Abdul Nabi Macki visited Thailand to make an agreement on avoid double-tax between the two countries.

On 4 August 2004, Oman's Minister of Oil and Gas H.E. Dr. Mohammed bin Hame bin Saif al Rumhy visited Thailand and met Thai's Minister of Foreign Affairs.

On 10 August 2004, Minister of Commerce and Industry, Dr. Maqbool bin Ali bin Sultan made personal visit to Thai's Minister of Commerce during recreational trip in Thailand.

On 22 January-4 February 2005, Minister of Foreign Affair, Mr. Yousuf bin ALawi bin Abdullah and family paid a personal visit.

On June 2006, Consultant of Oman's Amir, H.H. Sayyid Shihab bin Tariq bin Taimour Al Said attended celebration the 60th anniversary of His Majesty King Bhumibol Adulyadej's accession to the throne.

Exchanged visit between Thailand and Qatar.

In 1984, Thai Deputy Minister of Foreign Affairs, Second lieutenant Praphat Limpraphan, visited Qatar with a purpose to strengthen bilateral relation and expand the volume of bilateral trade of the two countries.

In November 1998, Thai's Minister of Foreign Affairs Dr. Surin Pitsuwan and envoys made an official visit to Qatar.

On 7-9 July 2001, Thai's Minister of Foreign Affairs Mr. Surakiart Sathirathai made an official visit to Qatar.

On 2 February 2002 and 8-12 September 2002, Thai's Deputy Prime Minister Mr. Korn Thapparansi visited Qatar.

On 17-21 May 2003,Thai's Asst. Minister of Labor Second lieutenant Praphat Limpraphan with envoys visited Middle East, including Qatar.

On 3-9 April 2004, Thai's Minister of Labor Ms. Uraiwan Tiantong and delegation visited Qatar.

On 25-27 April 2004, Thai's Deputy Prime Minister Mr. Wan Muhamadnoor Matha visited Qatar for Thai's Halal food Promotion.

On 13-16 June 2005, Deputy Prime Minister, Dr. Surakiart Sathirathai attended 2nd South Summit meeting at Doha, Qatar.

On 17 November 2005, Deputy Prime Minister, Dr. Surakiart Sathirathai to invite Amir to attend celebration the 60th anniversary of His Majesty King Bhumibol Adulyadej's accession to the throne.

On 29 Octerber-1 November 2006, Deputy Minister of Foreign Affairs, Ms. Sawanit Kongsiri attended 6th International Conference on New or Restored Democracies (ICNRD-6) at Doha, Qatar.

On 11 February 2007, Minister of Energy, Mr. Piyasawat Amranand accompanied by PTT Thailand delegation to seek the way on cooperation in exploring and producing energy and enhancing energy cooperation between the two countries.

On 26-28 August 1988, Qatar's Minister of Foreign Affairs and envoys made a personal visit to Thailand.

On 11-15 April 1999, Amir of Qatar Shaikh Hamad Bin Khalifa Al-Thani paid an official visit to Thailand as special guest of Thai's government.

On 15 February 2000, Qatar's Permanent Secretary of External Affairs Abdul Rehman Bin Hamad Al-Attiyah attended 10^{th} UNCTAD meeting at Bangkok and met Thai's Permanent Secretary of Foreign Affairs.

Qatar's Minister of Economy and Trade H.E.Sheikh Hamad bin Faisal Al Thani attended Asia Cooperation Dialogue at Cha-am between 18-19 July 2002 and Chaing mai between 20-22 July 2003.

On 12-13 June 2006, Amir of Qatar attended celebration the 60^{th} anniversary of His Majesty King Bhumibol Adulyadej's accession to the throne.

On 26-30 January 2007, Minister of Endowments and Islamic Affairs, H.E. Mr. Faisal Bin Abdulla Al-Mahmoud visited and attended the inauguration of Yala Islamic College, Pattani, Thailand.

Exchanged visit between Thailand and Saudi Arabia.

On December 1980, Deputy Minister of Commerce Mr.Wisit Tansaja visited Saudi Arabia.

On 27 January 1985, Minister of Interior, Police Gen. Praman Adireksarn, visited Saudi Arabia as an invitation from Saudi Arabia's Minister of Interior H.H. Naif bin Abdulaziz Al-Saud, made an agreement on terrorist crackdown cooperation and provided security for official's embassy.

On 10-12 February 1990, Deputy Minister of Foreign Affairs, Second lieutenant Praphat Limpraphan visited Saudi Arabia and paid condolence for the embarrassing events.

On 29 December 1990-2 January 1991, Minsiter of Foreign Affairs, Dr. Artit Urairat visited Saudi Arabia and provided support to Saudi Arabia side for Gulf War.

On 22-28 April 1993, Minister of Foreign Affairs, Dr. Surin Pitsuwan as Ameerul-Haj visited Saudi Arabia and met H.H. Faisal bin Fahad, the owner of stolen jewelries.

On 5 April 2002, Minister of Transport, Mr. Wanmuhamadnoor Matha attended World Muslim League meeting and met King Fahad bin Abdulaziz Al-Saud and Crown Prince Abdulllah bin Abdulaziz Al-Saud and other meeting member.

On 19-20 April 2004, Minister of Foreign Affairs Dr. Surakiart Sathirathai visited Saudi Arabia as an invitation from Saudi Arabia's External Affairs Minister and met Crown Prince Abdullah Al-Saud and discussed about unsolved legal case and way to cooperate in the future like cooperation to crack down terrorists.

On 14-17 May 2005, Advisor to Prime Minister, Mr. Wanmuhamadnoor Matha accompanied by delegations to discuss Haj affairs preparation.

On 2-3 August 2005, External Affairs Minister, Dr. Kantathi Suphamongkhon as Thai's King and government envoy headed to Saudi Arabia for the funeral of King Fahd.

On 16 November 2005, Deputy Prime Minister, Dr. Surakiart Sathirathai visited Saudi Arabia and gave an invitation letter from Prime Minister to attend celebration the 60th anniversary of His Majesty King Bhumibol Adulyadej's accession to the throne.

Visits from Saudi Arabia.

On 11-14 April 1993, Director General of Inspection(Ministry of Foreign Affairs) Mohammad bin Nawaf bin Abdulaziz, visited Thailand to follow unsolved case.

On 8-9 November 1998, President of World Muslim League, Turki bin Fahad bin Jalwi Al-Saud to attended the inauguration of Yala Islamic College.

On 18-22 August 1999, Chairman of Librarian Science at King Saud University, Sulaiman Saleh Al Ogla and Chairman of Librarian Science at Imam Mohammad University, Khaled Al Al Arfaj visited Thailand as guests of Ministry of Foreign Affairs.

On 6-12 September 2003, visited from business delegation(Imported of Food and Agricultural items).

On 24 July-2 August 2004, visit by Saudi Arabia's media delegation as guests of Ministry of Foreign Affairs.

On September 2004, General Intelligence Presidency, Abdulaziz bin Bandar visited and met Director of National Intelligence Agency of Thailand.

On 27-29 January 2005, President of Saudi Red Crescent Society, Abdulrahman Al Sawailarn visited Thailand and provided assistance for Tsunami victims.

Exchanged visit between Thailand and United Arab Emirates.

On 11-15 March 1998, Princess Galyani Vadhana paid a personal visit to UAE.

Thai government visit to UAE.

On December 1980, Thai's Deputy Minister of Commerce Mr.Wisit Tansaja visited UAE.

On 5 July 1987, Thai's Deputy Minister of Interior Mr. Chaleaw Washarapook, visited Bahrain to enhance strong and cordial relationship between the two countries and also visited and exchange views with Thai labour there.

On 7-8 May 1991, Thai's Ministers to the Prime Minister's Office M.R. Kasemsamosorn Kasemsri visited Dubai with an attempt to seek the way to make a strong relationship.

Study tour led by Vice-Rector of South Asia and Middle East and Africa institute of Thailand visit Dubai and Abu Dhabi on October 1992.

On 15-19 October 1993, Thai's Deputy Minister of Foreign Affairs Dr. Surin Pitsuwan accompanied by a group of Thai's business delegation visited Dubai with an aim to expand bilateral trade, promote investment and tourism sector.

On 6-8 March 1997, Thai's Deputy Minister of Interior, Mr. Kiatichai Chaichaowarat with delegation made a working visit to observe electrical working system of UAE.

On 8-9 May 1997, Thai's Minister of Justice, Mr. Suwit Kunkiti visited UAE with an aim to study UAE's court and justice system.

On June 1998, Thai's Minister of Foreign Affairs Dr. Surin Pitsuwan paid an official visit to UAE.

On 15-16 February 2004, Thai's Minister of Foreign Affairs, Dr. Surakiart Sathirathai paid an official visit to UAE.

On 9-10 April 2004, Thai's Minister of Labor, Ms. Uraiwan Tiantong made an official visit to UAE.

On 25 June 2005, Deputy Minister of Foreign Affairs, Mr. Preecha Laohapongchana visited to seek the way for investment in Dubai.

On 27 June-1 July 2006, Deputy Public Health Minister, Mr. Anuthin Charnveerakul visited Dubai and met UAE's Public Health Minister, H.E. Humaid Mohamed Al Qutami.

On 2 July 2006, Minister of Energy, Mr. Wiset Jupibal visited UAE and met UAE's Minister of Energy, H.E. Mohammad bin Dhaen Al Hamli.

On 8-9 February 2007, Minister of Energy, Mr. Piyasawat Amranand visited UAE and met UAE's Minister of Energy,H.E. Mohammad bin Dhaen Al Hamiland and enhanced energy cooperation between the two countries.

On 22-24 April 2007, Minister of Foreign Affairs, Mr. Nit Pibulsongkram met Crown Prince of Abu Dhabi, Vice-President, Prime Minister, Amir of Dubai and Minister of Foreign Affair.

On 6-7 April 2008, Transport Minister Santi Prompan and Foreign Affairs Minister Noppadol Pattama visited UAE and met UAE's businessman and study the way to develop Thai Port (Andaman) from Dubai Port World Company.

On 5-9 May 2008, Minister of Tourism and Sports, Weerasak Kowsurat visited UAE to preside over the inauguration of Thailand Tourism Office at Dubai.

On 16-20 May 2008, Minister of Labor,Ms. Uraiwan Tiantong met Minister of Labor H.E. Mr. Saqr Ghobash Saeed Ghobash and also visited Thai labor there.

Visits from UAE.

UAE's Royal Family visits.

In 2003 H.H. Sheikh Mohammed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces paid a personal visit to Thailand.

On 12-13 June 2006 Sheikh Mohammed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces attended celebration the 60th anniversary of His Majesty King Bhumibol Adulyadej's accession to the throne.

UAE Government visits.

On May 1977, Minister of Finance and Industry Mr. Hamdan Bin Rashed Al Maktoum and Minister of Petroleum and Resources Mr. Moma Saeed Al-Oteiba visited Thailand as an invitation of Thai's Minister of Foreign Affairs Mr. Upadit Pachariyangkun.

On 24 June 1993, Minister of Finance and Industry, Sheikh Hamdan Bin Rashid Al Maktoum paid a visit to Thaialnd as an invitation of Thai's Minister of Foreign Affairs, Squadron Leader Prasong Sunsiri.

Minister of Economy and Trade, H.H. Sheikh Fahim Bin Sultan Al-Qassimi as the leader of UAE's delegation attended the 10th UNCTAD meeting at Bangkok and made a bilateral discuss with Thai's Minister of Foreign Affairs Dr. Surin Pitsuwan on February 2000.

On 21-23 2007, Minister of Energy, H.H. Mohammad bin Dhaaen Al Hamli attende Asian Energy Dialogue meeting in Thailand.

On 30 October-3 November 2007, H.E. Dr. Ali bin Abdullah Al Gaabi, Minister of Labor visited Thailand and made agreement on labor cooperation of the two countries.

APPENDIX 2

FRAMEWORK AGREEMENT

BETWEEN

THE KINGDOM OF THAILAND AND

THE KINGDOM OF BAHRAIN

ON CLOSER ECONOMIC PARTNERSHIP

PREAMBLE

The Governments of the Kingdom of Thailand and the Kingdom of Bahrain, hereinafter called individually "the Party" and collectively "the Parties";

Desiring to strengthen the special bonds of friendship and economic relations and co-operation that exist between them with a view to raising living standards, promoting economic growth, investment opportunities, employment, development and prosperity;

Desiring to raise the capacity and international competitiveness of their goods and services;

Aspiring to promote their mutual interests through liberalization and expansion of trade and investment between them and with a view to establishing a Free Trade Area;

Re-affirming their respective rights and obligations under existing bilateral, regional and multilateral agreements and in conformity with Article XXIV of the General Agreement on Trade and Tariffs 1994 ("GATT") and Article V of the General Agreement on Trade in Services ("GATS");

Re-affirming their commitments to strengthen and reinforce the multilateral trading system as reflected by the World Trade Organisation ("WTO") and to contribute to regional and international co-operation; and

According to the Joint Declaration on Bahrain-Thailand Closer Economic Partnership;

HAVE AGREED as follows:

ARTICLE 1

OBJECTIVES

The Parties shall use their best endeavours to:

1. create favourable conditions for greater economic co-operation and to promote fair competition;
2. eliminate barriers to trade in, and facilitate the cross-border movement of, goods and services between the territories of the Parties;
3. increase substantially investment opportunities in the territories of the Parties;
4. create effective procedures for the implementation and application of this Agreement; and
5. provide adequate and effective protection and enforcement of intellectual property rights in the territories of the Parties.

ARTICLE 2

TRADE IN GOODS

1. Each Party shall reduce its customs duties on goods originating from the territory of the other Party by the 29th Day of December 2002 to between zero (0%) per cent and three (3%) per cent in accordance with the list set out in the Schedule annexed hereto and shall use its reasonable endeavours to reduce the customs duties for commodity tariff lines in stages to zero percent (0%) by 2010.
2. Each Party shall:
    a) not impose any other duty (other than customs duties) which have an equivalent effect;
    b) not impose quantitative restrictions on imports originating in the territory of the other party; and
    c) endeavour to reduce non-tariff barriers on goods (other than those non-tariff barriers permitted by the WTO.)
3. Neither of the Parties shall introduce a new customs duty or new quantitative restrictions on imports between the two Parties.

4. If one Party to this Agreement finds that the other Party is dumping goods in its territory, then the Parties agree to apply the provisions of the WTO Agreement on Implementation of Article VI of GATT 1994 ("the WTO Anti-Dumping Agreement") to prevent such dumping. In any event the parties agree to under take consultations before the imposition of any final anti-dumping duties.

ARTICLE 3

RULES OF ORIGIN

1. Each Party shall, in a manner consistent with the objectives of this Agreement endeavour to administer effectively and uniformly the rules regarding eligibility for preferential tariff treatment set out in this Agreement.
2. Originating goods and products imported into the territory of the Parties shall be eligible for preferential tariff treatment if they conform to the following requirements;
   a) The goods or products were wholly produced by or obtained from natural resources arising in the territory of the exporting Party; or

b) the goods or products were partly produced in the territory of the exporting Party and have value added of at least 40%.

3. Guidelines for implementation of the Rules of Origin will be established by the Joint Committee.

ARTICLE 4

TRADE IN SERVICES

1. This Article applies to measures by a Party affecting trade in services between the Parties.
2. With respect to market access each Party shall accord services and service suppliers of the other Party treatment no less favourable than that provided for under the terms, limitations and conditions to be agreed and specified by the Technical Working Group.
3. Each Party shall liberalize and promote trade in services giving priority to finance, including banking, Islamic banking, insurance and joint ventures, education and training, tourism, healthcare, transport and communication, and construction, by the 1st of January 2004.

ARTICLE 5

INVESTMENT

1. Each Party shall encourage and create favourable conditions for investors of the other Party to invest in its territory and to collaborate through joint ventures, joint investments or any other form of investment.
2. This Article shall be construed in accordance with the Agreement between the Parties for the Promotion and Protection of Investments signed on the 21st of May 2002.

ARTICLE 6

SAFEGUARD MEASURES

A Party shall apply safeguard measures, either in the form of a duty or quantitative restrictions, only to the extent necessary to prevent or remedy serious injury in accordance with WTO rules and regulations.

ARTICLE 7

ECONOMIC CO-OPERATION

1. The Parties shall foster economic co-operation between them in all areas, including energy, finance, including banking, Islamic banking, insurance and joint ventures, manufacturing, trade and investment, promotion and facilitation, mobility of business people, transportation, fisheries, information and communication technology, customs procedures and quarantine, and standards and specifications in accordance with the objectives of this Agreement.
2. This Agreement shall be construed in accordance with the Agreement between the Parties on Economic, Trade and Technical Co-operation signed on the 3rd of November 2001.

ARTICLE 8

JOINT COMMITTEE

1. A Joint Committee composed of representatives of the Parties and headed by Thailand's Minister of Commerce and Bahrain's Minister of Finance & National Economy, or their designees

shall supervise the proper implementation of this Agreement and shall review the economic and trade relationship between the Parties.

2. The Joint Committee shall have the following extended functions under this Agreement:
   a) Reviewing the implementation of this Agreement generally and specifically with regard to the objectives of the customs union established under the Economic Agreement between the Gulf Co-operation Council Member States and Thailand's commitment under ASEAN;
   b) Providing interpretation and guidelines for implementation of this Agreement;
   c) Considering and making recommendations on the amendment or introduction of additional annexes, commitments or schedules to this Agreement or modification to the commitments subject to the domestic legal requirements of each Party;
   d) Preparing the Schedules to be annexed hereto;
   e) Facilitating the avoidance and settlement of disputes, through consultation; and
   f) Any other related issues to this Agreement.

3. The Joint Committee may establish and delegate responsibilities to working groups or ad-hoc task forces.
4. The Joint Committee shall convene as and when necessary.

ARTICLE 9

MISCELLANEOUS PROVISIONS

1. Any dispute arising between the Parties regarding the interpretation, application or implementation of this Agreement shall be settled amicably by consultation between the Parties.
2. This Agreement may be amended by the written consent of the Parties.

ARTICLE 10

ENTRY INTO FORCE AND TERMINATION OF THE AGREEMENT

1. This Agreement shall enter into force on the 29th day of December 2002. Each Party will exchange notices of fulfillment

of the Parties' respective domestic procedures regarding the approval and ratification thereof.

2. This Agreement shall remain in force unless terminated by either Party upon six months notice in writing.

DONE on the 29th day of December 2002 in duplicate copies in the English language, with all copies being equally authentic.

Bilateral Agreement between Thailand and Kuwait.

- Air Service Agreement signed on 27 April 1976.
- Economic and Trade Agreement signed on 7 March 1987 and effected on 4 March 1990.
- Agreement for the Avoidance of Double Taxation signed on 10 June 1998 and revised on 30 July 2003.

Bilateral Agreement between Thailand and Oman.

- Agreement on Trade.
- Agreement approved by Thai's cabinet on 16 January 1996.
- Former Minister of Foreign Affairs, Dr. Surin Pitsuwan made an agreement on Trade with Oman during an official visit to Oman on 8 June 1998.

- Agreement for the Avoidance of Double Taxation.
- Agreement approved by Thai's cabinet on 21 July 1998 and partly revised as requested by Oman and finally reached solution approved on October 2003.
- Agreement for Investment promotion and protection.
- First negotiation on June 2001 and recently under negotiation.

Bilateral Agreement between Thailand and Qatar.

- Agreement on economic and technical cooperation signed on 12 April 1999(during visit of Amir of Qatar)
- Agreement of Air Services signed on 9 August 1991; currently there are flights between Doha-Bangkok every day.
- Agreement of comprehensive cooperation among External Ministry of the two countries.
- Agreement for the Avoidance of Double Taxation (under negotiation)

Bilateral Agreement between Thailand and Saudi Arabia.

- Agreement for the Avoidance of Double Taxation.
- Agreement for the Reciprocal Exemption of Taxes on the Activities of Air Transport Enterprises.

- Procès-Verbal for exemption of Taxed on Air Affairs.
- Air agreement, the negotiation took place to restore direct flight Jeddah-BKK after cancelled for 14 years. Meanwhile Saudi Arabian Airline made an agreement for flight to BKK after cancelled for 3 years and also agreed on Code Sharing

Bilateral Agreements between Thailand and United Arab Emirates.

- Agreement on Air Service signed on 20 March 1990.
- Agreement for the Avoidance of Double Taxation signed on 1 March 2000 and effected on 28 December 2000.
- Agreement on investment protection and promotion (under negotiation)
- Agreement on Economic, Trade and Technical Co-operation signed on 22 April 2007.
- Agreement for Air Services signed on 20 March 1990.
- Comprehensive agreement between UAE's Health foundation and Bangkok Hospital on August 2004 to be a part of plan to improve UAE's medical development and exchange medical experts and medics.

- The Emirates Securities and Commodities Authority (ESCA) made comprehensive agreement on cooperation and exchange information with stock exchange committee of Thailand on 16 July 2007.
- MOU in the Field of Manpower signed on 1 November 2007.

PROTOCOL OF COOPERATION

BETWEEN

BOARD OF TRADE OF THAILAND

AND

THE KUWAIT CHAMBER OF COMMERCE AND INDUSTRY

Driven by the great objective of promoting trade, technical and economic cooperation between Thailand and The State of Kuwait, for the mutual benefits of the business sectors in both countries, Board of Trade of Thailand and The Kuwait Chamber of Commerce and Industry, being the representatives of the business communities, hereafter called the "Parties", agree on the following:-

Article (1)

The Parties will cooperate with each other in the endeavour to establish and develop direct and effective business relations between their respective members.

Article (2)

The Parties will exchange, on a continuous basis, information of the possibilities of promoting mutual trade. To this end, each will supply the other with its own publications (subject to availability), and other relevant publications, catalogues, business literature and printed matter.

Article (3)

The Parties will assist the enterprises in the said countries to participate on joint basis business in their own countries or in the third countries.

Article (4)

Wherever possible and appropriate, each of the Parties will assist the other party in the organization of/or participation in national exhibitions, international fairs, specialized exhibitions, economic and technical fairs, information offices, symposia, conferences or similar events taking place in its country, aiming to strengthen the economic Cooperation.

Article (5)

The Parties will assist each other in arranging reciprocal trade and market research missions, and will help each other in establishing beneficial business contacts and in other activities aimed at promoting mutual trade.

Article (6)

The Parties will do all within their powers to eliminate such obstacles which may affect the continuous two-way flow of trade and the steady increase of reciprocal trade and industrial Cooperation by identifying the barriers and finding out ways of eradicating them.

Article (7)

For the purpose of implementing this Protocol of Agreement, the parties will jointly review it periodically at written request of either.

This Protocol of Agreement comes into force on the date of its signature and will be valid for an indefinite period unless either of the Parties gives to the other party three months written notice of termination.

In witness thereof the undersigned being duly authorized by their respective institutions have signed this Protocol in the State of Kuwait as well as Bangkok-Thailand on 20th of October 1999, of two original approved texts in English language.

VICHIEN TEJAPAIBUL	ABDULRAZZAK AL-KHALID
CHAIRMAN BOARD OF TRADE OF THAILAND	CHAIRMAN THE KUWAIT CHAMBER OF COMMERCE AND INDUSTRY

OMAN CHAMBER OF
OMMERCE AND INDUSTRY

غرفة تجارة وصناعة عمان

AGREEMENT OF COOPERATION

BETWEEN

BOARD OF TRADE OF THAILAND

AND

OMAN CHAMBER OF COMMERCE AND INDUSTRY

بريد : ١٤٠٠ روي – الرمز البريدي ١١٢ – سلطنة عمان – تليفون : ٧٠٧٦٧٤/٨٤/٩٤ – فاكس : ٧٠٨٤٩٧ – برقيا : الغر
). Box 1400 Ruwi, Postal Code 112, Sultanate of oman, Tel. : 707674/84/94, E. Mail : occi1@glo.net. om, Fax : 708497, Cable : AL (

OMAN CHAMBER OF
COMMERCE AND INDUSTRY

غرفة تجارة وصناعة عمان

AGREEMENT OF COOPERATION
BETWEEN
BOARD OF TRADE OF THAILAND
AND
OMAN CHAMBER OF COMMERCE AND INDUSTRY

The Board of Trade of Thailand (BoT) and Oman Chamber of Commerce and Industry (OCCI) hereinafter called "the parties":

- taking into account the mutual aspiration towards the establishment of closer contacts between entrepreneurs of the two countries,
- recognizing the existing opportunities for the Thai-Omani trade, economic, scientific and technical cooperation.
- guided by the interest of their members - Thai and Omani enterprises, firms, entrepreneurs as well as associates and amalgamations thereof,

have come to the following agreement:

Article I

The parties will exchange regularly information about the economic development of Thailand and the Sultanate of Oman with a view to opening up further possibilities for increased trade between the enterprises and organisations concerned.

Article II

The parties will assist visits of commercial and economic delegations between the two countries and will render maximum help for the realization of business contacts.

ص.ب بريد : ١٤٠٠ روي – الرمز البريدي ١١٢ – سلطنة عمان – تليفون : ٧٠٧٦٧٤/٨٤/٩٤ – فاكس : ٧٠٨٤٩٧ – برقيا : الغرفة
P.O. Box 1400 Ruwi, Postal Code 112, Sultanate of oman, Tel.: 707674/84/94, E. Mail : occi1@gto.net.om, Fax : 708497, Cable : AL GI

Article III

The parties, in the interest of their members, will exchange information on the existing laws and regulations pertaining to foreign trade and investment.

Article IV

Each of the parties will assist the other party in the organization of/or participation in national exhibitons, international fairs, specialised exhibitions, economic and technical fairs, information bureau, symposia, conferences or similar events taking place in the country aiming at the expansion of economic cooperation.

Article V

In order to carry out the purpose and objectives of the present agreement, the parties will start consultations on the matter of setting up a Joint Business Council.

Article VI

The parties will cooperate in rendering assitance to companies and enterprises of both countries on issues which are related to commercial and maritime arbitration and trade marks registration.

Article VII

The parties will take other mutually agreed steps aimed at the implementation of this agreement.

Article VIII

The parties will meet as and when necessary to have exchange of views for strengthening the economic ties between the two countries. Such consultations will be held alternatively in Thailand and Oman.

OMAN CHAMBER OF
COMMERCE AND INDUSTRY

غرفة تجارة وصناعة عمان

The present agreement will come into effect on the date of its signing and will remain valid until notice of its termination is given in writing by either party in which case the agreement will be terminated three months after the date of the said notice.

Signed in Muscat, Sultanate of Oman on December 8, 1998 in two identical copies in English, one for each side, both of them having equal validity.

Vichen Techapibul	Salem bin Hilal al Khalili
Chairman	President, Oman Chamber
Board of Trade of Thailand	of Commerce and Industry

صندوق بريد : ١٤٠٠ روي – الرمز البريدي ١١٢ – سلطنة عمان – تليفون : ٧٠٧٦٧٤/٨٤/٩٤ – فاكس : ٧٠٨٤٩٧ – برقيا : الغرفا
P.O. Box 1400 Ruwi, Postal Code 112, Sultanate of oman, Tel. : 707674/84/94, E. Mail : occi1@gto.net. om, Fax : 708497, Cable : AL GURF

MEMORANDUM OF UNDERSTANDING
Between
THE JEDDAH CHAMBER OF COMMERCE & INDUSTRY
And
THE THAI CHAMBER OF COMMERCE

The Jeddah Chamber of Commerce & Industry (JCCI) and the Thai Chamber of Commerce hereinafter referred to as "the Parties" – having taken to account the common aspiration of the business circles in both countries and to develop mutually beneficial relations-have agreed on the following, within the limits of law of their respective countries:

Article I

The Parties shall be co-operative and do their utmost to further improve and expand trade between the Kingdom of Thailand and the Kingdom of Saudi Arabia.

Article II

The Parties shall regularly exchange information and views on expansion of trade between the two countries. To achieve this objective, it is mutually agreed that each contracting party shall supply the other with trade information and publication.

Article III

Every possible facility and assistance shall be accorded to businessmen and trade missions from the Kingdom of Saudi Arabia visiting the Kingdom of Thailand and vice versa. Letters of introduction from one party to the other shall be mutually honoured.

Article IV

The Parties shall assist each other in the organization of and participation in trade exhibitions, fairs and symposia or similar events within their respective competence.

Article V

The Parties agree to support and encourage exchange of trade delegations and missions as well as visits of businessmen either individually or in groups between the two countries.

Article VI

The Parties shall exert every effort to solve the problems affecting trade between the Kingdom of Thailand and the Kingdom of Saudi Arabia.

Article VII

This Parties shall take all necessary steps to ensure that the Memorandum of Understanding works to their mutual benefit, and that it is jointly reviewed from time to time.

Article VIII

The Memorandum of Understanding shall come into force as from its date of signing until mutually revised by both parties.

Article IX

The Parties will assist each other in arranging reciprocal trade and market research missions, and will help each other in establishing beneficial business contacts and in other activities aimed at promoting mutual trade.

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Article X

The Parties will do all within their powers to eliminate such obstacles which may affect the continuous two-way flow of trade and the steady increase of reciprocal trade and industrial Cooperation by identifying the barriers and finding out ways of eradicating them.

Article XI

The parties may suggest alterations aiming at further improvement of the forms of cooperation between them.

Article XII

This present Agreement comes into force from the date of its signature and will be valid for a period of five years, renewable with mutual consent of both Parties unless either of the Parties hereto gives to the other Party three months written notice of termination.

Signed by duly authorized persons of both parties in Bangkok, Thailand on this 19th May 2006

Signed by:	Signed by:
....	....
Mr.Phongsak Assakul Vice Chairman The Thai Chamber of Commerce (TCC))	**Mr. Mazen M.Batterjee** Vice Chairman The Jeddah Chamber of Commerce & Industry (JCCI)

غرفة تجارة وصناعة
دبي

DUBAI
CHAMBER OF COMMERCE & INDUSTRY

AGREEMENT OF COOPERATION
BETWEEN
BOARD OF TRADE OF THAILAND
AND
DUBAI CHAMBER OF COMMERCE AND INDUSTRY

The Board of Trade of Thailand and the Dubai Chamber of Commerce and Industry hereinafter called "the Parties":

- taking into account the mutual aspiration towards the establishment of closer contacts between entrepreneurs of the two countries,
- recognizing the existing opportunities for the Thai-Dubai trade, economic, scientific and technical cooperation,
- guided by the interest of their members - Thai and Dubai enterprises, firms, entrepreneurs as well as associates and amalgamations thereof,

have come to the following agreement:

ARTICLE I

The Parties will exchange regularly information about the economic development of Thailand and Dubai with a view to opening up further possibilities for increased trade between the enterprises and organizations concerned.

ARTICLE II

The Parties will assist visits of commercial and economic delegations between the two countries and will render maximum help for the realization of business contacts.

ARTICLE III

The Parties, in the interest of their members, will exchange information on the existing laws and regulations pertaining to foreign trade and investment.

ص.ب: ١٤٥٧ - دبي - دولة الامارات العربية المتحدة - هاتف: ٢٨٠٠٠٠ (٩٧١٤) - فاكس: ٢١١٦٤٦ (٩٧١٤) - تلكس: ٤٥٩٩٧ (٨٩٣)
P.O. BOX 1457 DUBAI, U.A.E. • TEL: (9714) 280000 • FAX: (9714) 211646 • TLX: (893) 45997

ARTICLE IV

Each of the Parties will assist the other party in the organization of/or participation in national exhibitions, international fairs, specialized exhibitions, economic and technical fairs, information bureau, symposia, conference or similar events taking place in the country aiming at the expansion of economic cooperation.

ARTICLE V

The Parties will co-operate in rendering assistance to companies and enterprises of both countries on issues which are related to commercial and maritime arbitration and trade marks registration.

ARTICLE VI

The Parties will take other mutually agreed steps aimed at the implementation of this Agreement.

ARTICLE VII

The Parties will meet as and when necessary to have exchange of views for strengthening the economic ties between the two countries. Such consultations will be held alternatively in Thailand and Dubai.

The present Agreement will come into effect on the date of its signing and will remain valid until notice of its termination is given in writing by either Party in which case the Agreement will be terminated 3 months after the date of the said notice.

Signed in Dubai, United Arab Emirates, on December 10, 1998 in two identical copies, in English, one for each side, both of them having equal validity.

Vichien Techapaibul	Hassan Mohd. Bin Al Shaikh
Chairman	1st Vice President
Board of Trade of Thailand	Dubai Chamber of Commerce & Industry
150/2 Rajbopit Road	P. O. Box 1457,
Bangkok, Thailand	Dubai, U.A.E.